MARKETING & MEDIA
DECISIONS

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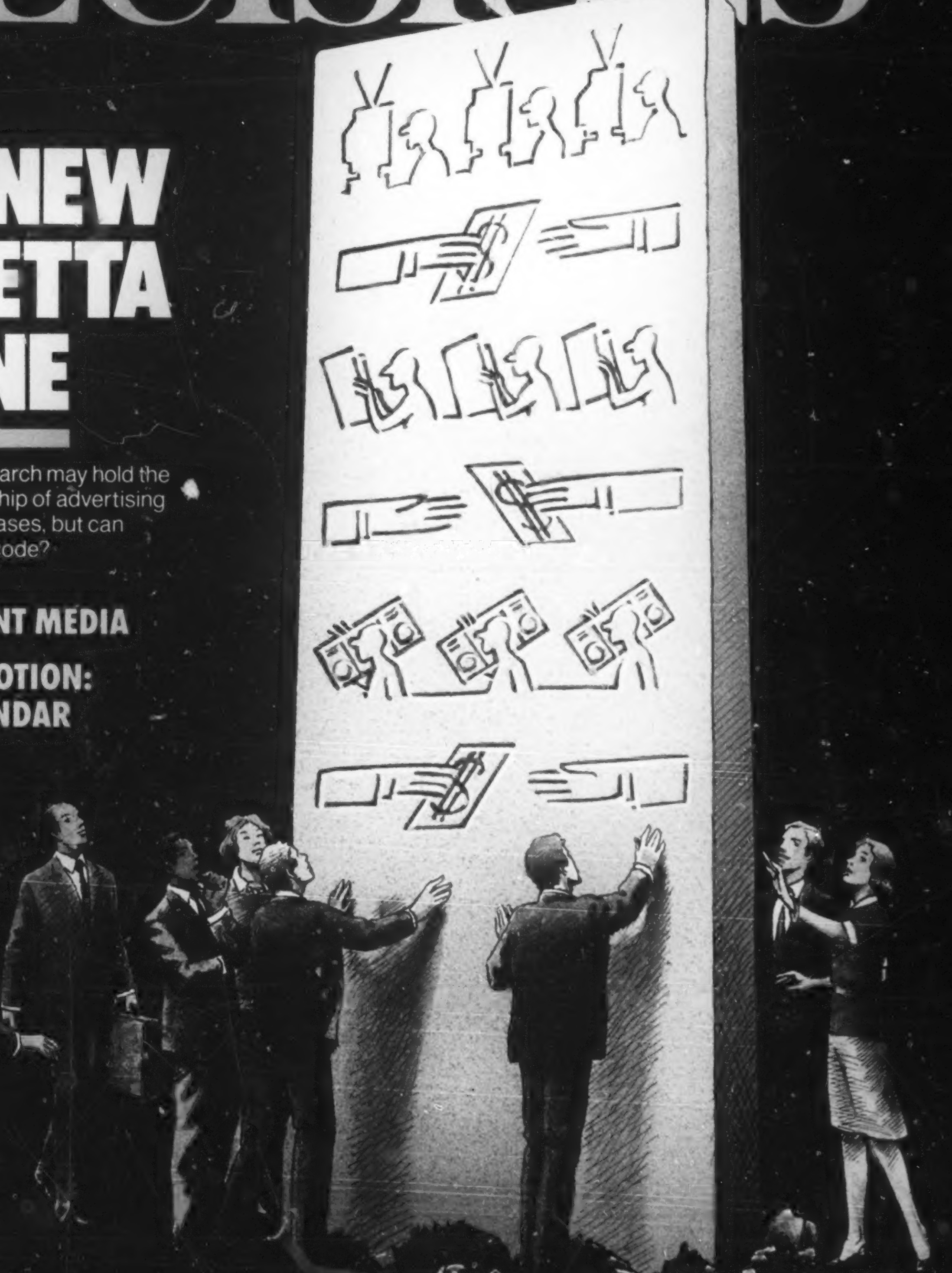
NOVEMBER 1987 • [illegible]

THE NEW ROSETTA STONE

Single-source research may hold the key to the relationship of advertising and product purchases, but can anyone break the code?

SPECIAL-EVENT MEDIA

SALES PROMOTION: A 1988 CALENDAR



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MARKETING & MEDIA DECISIONS

COVER STORY

DECIPHERING SINGLE-SOURCE 40

Single-source research has replaced the people meter as the most formidable challenge facing media and marketing management. When the systems are fully in place, they promise to revolutionize the process of selling. But first, a lot of questions have to be answered, including one important one: What *is* single-source research?

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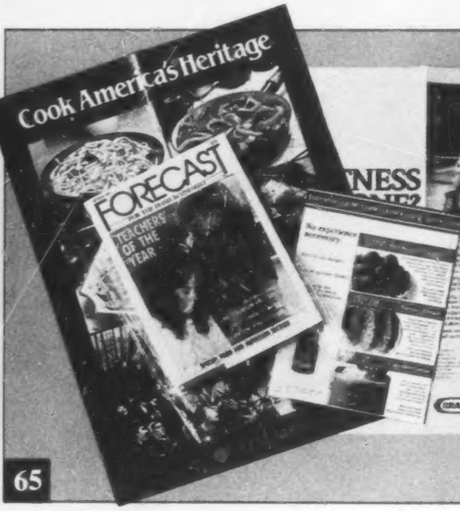

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by Jean-Francois Allaux

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Message from media: "Newspaper publishers, you are your own worst enemy when trying to attract agency business. Start thinking!"

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budgets at such a rate, because they can't get away with corresponding increases in consumer prices. Consequently, advertisers are frustrated. They feel media costs *must* be held under tighter control.

Second, although network television pricing has recently escalated, there was almost no CPM increase in the 1986-87 network upfront market. Furthermore, advertisers have the efficient network option of using 15-second commercials (usually not as effective as :30s but generally *more cost effective*). Magazines seem to have ignored these competitive realities when they set their 1987 rates.

> **Publishers that hold down their CPM increases are right when they say media planners ignore their restraint.**

Third, we've been in a soft magazine economy, largely for supply/demand reasons. This doesn't seem like an opportune time to institute sizable price hikes. They seem likely to drive some advertisers away from magazines, perhaps into 15-second network-television commercials. And they are contributing to the climate that encourages rate negotiating.

There is so much pressure from advertisers to hold down costs that agencies are going to try to negotiate regardless. But when magazines increase their rates out of line with prevailing market conditions, we and our clients feel compelled to negotiate even harder. We assume that excessive rate increases are at least partly a defensive ploy to start negotiating from a higher base. After all, we know how the system works because of our many years of experience in negotiating broadcast.

But is the news all bad? Fortunately, no. Other magazines, I'm happy to say, have been acting with more restraint. What do the magazines below have in common?

American Health, Barron's, Elle, Modern Maturity, National Geographic Traveler, Playboy, Runner's World, Scientific American, Smithsonian, True Story, Ultrasport, USA Weekend, Weight Watchers, Woman's Day and *World Tennis*.

These magazines have refrained from the unfortunately traditional annual CPM increase, and a few of them have actually lowered their CPMs.

I don't know the secrets of these "good guys." Maybe they're asking the reader to pay a higher price for the product or pruning unprofitable circulation or exercising tighter cost controls in all areas. Or maybe their out-of-pocket page costs are already so high they risk becoming unaffordable to advertisers with modest budgets. Or perhaps competitive pressures are holding them back or a recognition of the non-inflationary marketplace realities or a combination of such reasons.

Whatever their secrets, I wish those magazines would share them with others. There should be more restraint. I think that not only advertisers but also the magazine medium would be better off in the long run.

Some of those magazines that have held down their CPM increases have complained that media planners ignore their restraint. They have a legitimate gripe.

In the drive to negotiate, agencies and advertisers are sometimes taking their eye off the ball. A magazine's competitive standing in target-audience efficiency is ultimately more important than whether it's willing to cut rates. I've heard stories from publishers about competitive magazines that have gotten on schedules by negotiating discounts from high published rates but that are still less efficient. The agencies explain they and the client will buy only magazines that will deal.

This makes no sense. It's obviously not in the best interest of the brand, and it's shortsighted and counterproductive. It encourages magazines to raise their rates unrealistically in order to negotiate downward where necessary.

In selecting magazines, we consider many quantitative and qualitative criteria. Efficiency certainly is *not* the only factor, but it *is* important. Magazines that have held down their increases but are still inefficient should not automatically expect to get business. But publications which meet our other criteria and are efficient — and which have *also* exercised restraint in rate increases — clearly deserve favored consideration.

Buys should be based on actual efficiency (and quality) rather than just discounts negotiated from unrealistically inflated rates. The short-run result will be more effective media buys. In the longer term, doing more business with the "good guys" should get the message across to the "bad guys." If this helps lead to more reality in pricing, then I think the magazine medium will be better off. ■

PEOPLE METERS

Lucian Chimene

Vice president, director of media information and systems, McCann-Erickson/New York

FLYING PURPLE PEOPLE METERS?

Change upsets many people, and those who fear they might lose out by a change are the first to be upset — whether or not the fear is justifiable. So when the prospect arose of a change as radical as the tv industry's switch to the collective systems known as the people meter, highly colored commentary was not far behind.

The industry has heard a good deal of impassioned speechmaking pointing out imperfections discerned in the new meters — particularly where their results differ from the old diary-set meter system. Never mind that the old system, something of a horse-and-rabbit stew, was shown by a couple of independent tests to be somewhat less accurate than at least one of the people meters. Critics gave out such quotes as, "For the first time, we don't have the most accurate rating system." Tv columnists picked up these quotes and ran them, along with artwork such as the depiction of a crane swinging three wrecking balls labelled ABC, CBS and NBC at cracking stone letters that spell out "Nielsen."

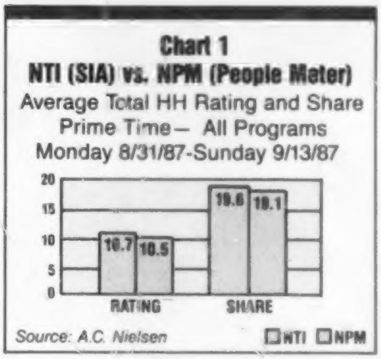
Chart 1
NTI (SIA) vs. NPM (People Meter)
Average Total HH Rating and Share
Prime Time— All Programs
Monday 8/31/87-Sunday 9/13/87

Source: A.C. Nielsen

So ordinary folk may be forgiven for entertaining a certain amount of suspicion that the monstrous Flying Purple People Eater from a once-popular song might be loose among us in an only slightly modified version. Will it now gobble up our industry?

Well, the results are starting to trickle in, and McCann has been looking at them carefully. Let's review one of the most interesting segments of the record so far — the two-week period earlier this year when Nielsen officially started their people-meter system (after 20 months of trial runs, evaluation and working the bugs out). What makes it so interesting is that the old-set-meter system was left running during that period in order to close out the broadcast year. So we have a head-to-head comparison of at least the household-measurement portion of both services from August 31 through September 13. Let's take a look at prime time, where the stakes are highest.

Incidentally, it's worth noting that we can't compare measurements of persons during this time, because on the old system it was one of the non-diary-measured periods. There is some irony there: It's one of the benefits of the people meter to provide persons measurement every week. And so the inability to make a comparison is in itself a comparison.

- In the prime hours, the old and the new systems matched quite well, for the most part. Only two-tenths of a rating point and half a share point separated the overall average program ratings (see Chart 1).
- Breaking this down by network, more variation became apparent. Still, the average for each network's programs according to the people meter was within half a rating point of the average according to the old set meter (see Chart 2). ABC gained by half a point on the people meter. CBS was lower by just four tenths of a point, NBC by seven tenths and Fox by nine tenths.
- If there was some "tilt" by network, it didn't seem severe. How about by program? Analysis disclosed that sitcoms, police dramas and dramas in general came out slightly lower on the people meter; on average, no more than eight tenths of a rating point separated the people-meter results from the corresponding set-meter figure. Feature films all came out even, and news and prime sports showed marginally better on the people meter (see Chart 3).

One especially interesting aspect turned up when we divided all prime-time programs into those that were rated in the highest third, the middle third and the lowest third (according to the set meter). There has always been

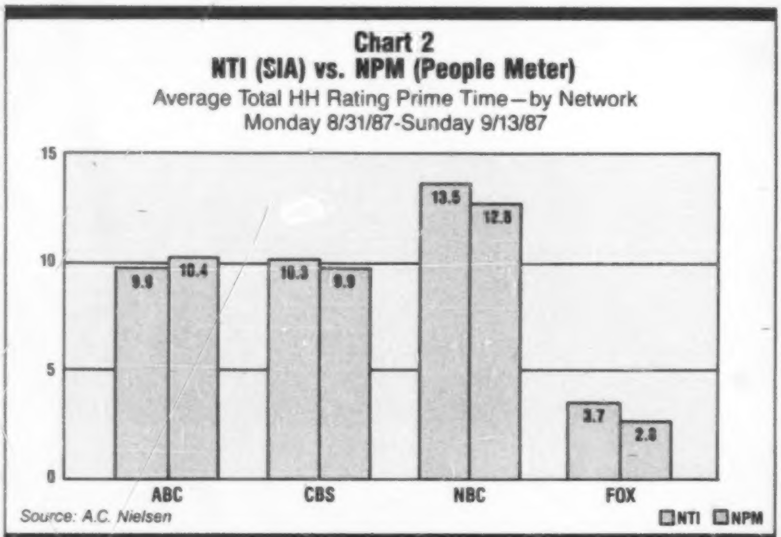
Chart 2
NTI (SIA) vs. NPM (People Meter)
Average Total HH Rating Prime Time—by Network
Monday 8/31/87-Sunday 9/13/87

Source: A.C. Nielsen

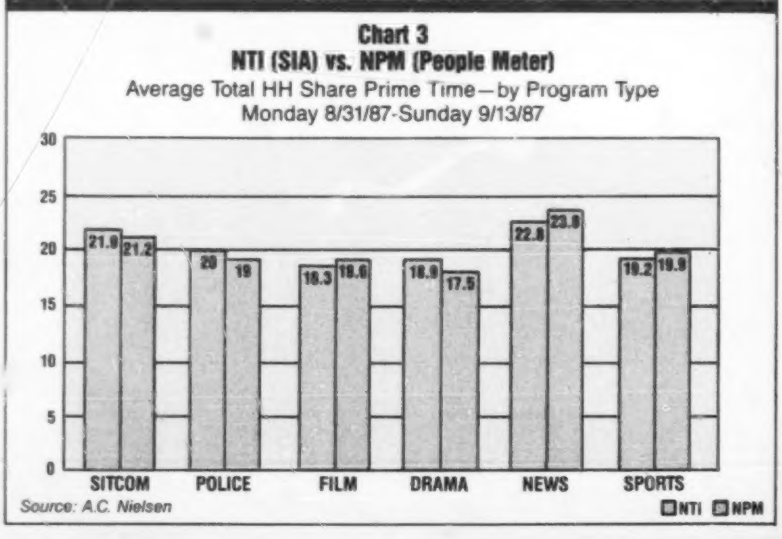
Chart 3
NTI (SIA) vs. NPM (People Meter)
Average Total HH Share Prime Time—by Program Type
Monday 8/31/87-Sunday 9/13/87

Source: A.C. Nielsen

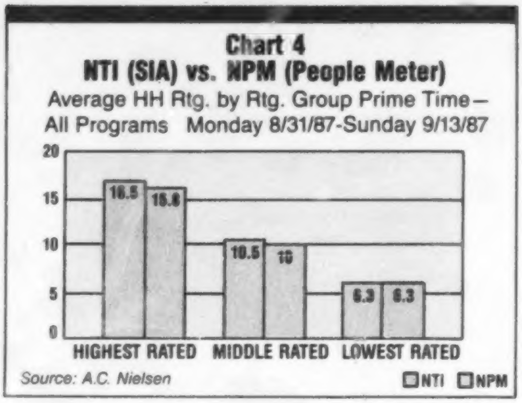
Chart 4
NTI (SIA) vs. NPM (People Meter)
Average HH Rtg. by Rtg. Group Prime Time—All Programs Monday 8/31/87-Sunday 9/13/87

Source: A.C. Nielsen

some speculation that the more popular programs tend to benefit from a "halo" effect, enhancing their diary standing. Would it make any difference in household ratings between the two systems?

Curiously, it appears that it would. The top-rated third of the programs were rated marginally lower by the people meter, as much as seven tenths of a rating point. In the middle-rated group, the people meter was lower by half a point; among the lowest third, there was no difference (see Chart 4).

So what is the moral to be drawn from the actual figures rather than the fear of them? Primarily that different measuring techniques among a different sample will predictably show some disparity, but well-conducted research will probably show more similarities than dissimilarities. Of course, a great deal remains to be seen. At this writing, we don't yet have the figures that will start to tell us about the programs in the new season — and later, we won't be able to make direct comparisons with diary measurements, since diaries will be no more.

Nevertheless, on the basis of all the published preliminary work and what limited "official" results there have been to date, we are optimistic. We believe we are now looking at a system that will serve the industry demonstrably better. Those people meters may not be purple, but indeed, we believe they will fly. ■

Konig Pilsener
IN RHODE ISLAND, YOU DON'T NEED A CHAMPAGNE BUDGET TO TEST A NEW BEER.

When Stroh wanted to test the #1 selling beer in Germany on American tastes, they brought Konig Pilsner to Rhode Island. Because Rhode Island delivers a premium demographic cross-section of America, without the premium price. In fact, you can cover the entire market in depth through Rhode Island's only major newspaper. At a CPM that won't make you cry in your beer. And as for media spillage, there's scarcely enough to dampen a cocktail napkin.

Find out more about the kind of cost-efficient test-marketing Rhode Island has on tap for you. Call Bill Peckham at 401-277-7172 or write and ask for our free test market information kit.

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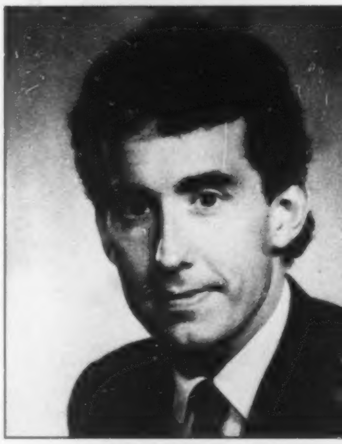
NEWSPAPER

David C. Lehmkuhl

Senior vice president, group media director, N W Ayer/New York



NEW PAPER ROUTES

It would be diffi to find a medium with which I more comfortable as a consumer more uncomfortable as a media pro sional than newspapers. Each issu a newspaper is so chock full of in mation — in-depth reporting, o ions, what's happening around to how the Mets are doing and all ki of useful stuff — that it would be ficult to imagine starting a day with one. I am not impressed at all that 6 of the public reads a newspaper e day. I wonder about that 40% (and 3 of college graduates) who *don't* re paper each day. How do these pe function?

As a media professional, howe newspapers continue to disappoint generally depress me. During a t when all other media types are d everything seemingly possible to m themselves more attractive, rele and salable to advertisers, newspa adhere doggedly to a *laissez-fa* business-as-usual approach. W someone please tell them it's not w ing? I can't think of a medium m arduous to use on an advertising sc ule than newspapers.

Most media people cite high cost poor positioning opportunities as reason they don't use newspapers national advertisers. I don't agre

BRAND REPORT

No. 147: Videocassette Camcorders and Tapes

THE ZOOM BOOM

by Paula Schnorbus

Camcorders, or videocassette camera recorders, are zooming in on baby boomers, particularly those bringing forth babies of their own. Their friends visit at their own risk — these high-tech gadgets have made it possible to have instant home movies, complete with sound, that can last for hours, unlike the kinder old 8mm film cameras that only had three-minute reels. Also unlike the $39.95 camera of yesteryear, camcorders are doing some fast-forward action on boomer billfolds.

These high-status tech toys, which are estimated to rake in between $1.5 billion and $2 billion in retail dollars this year, began focus-

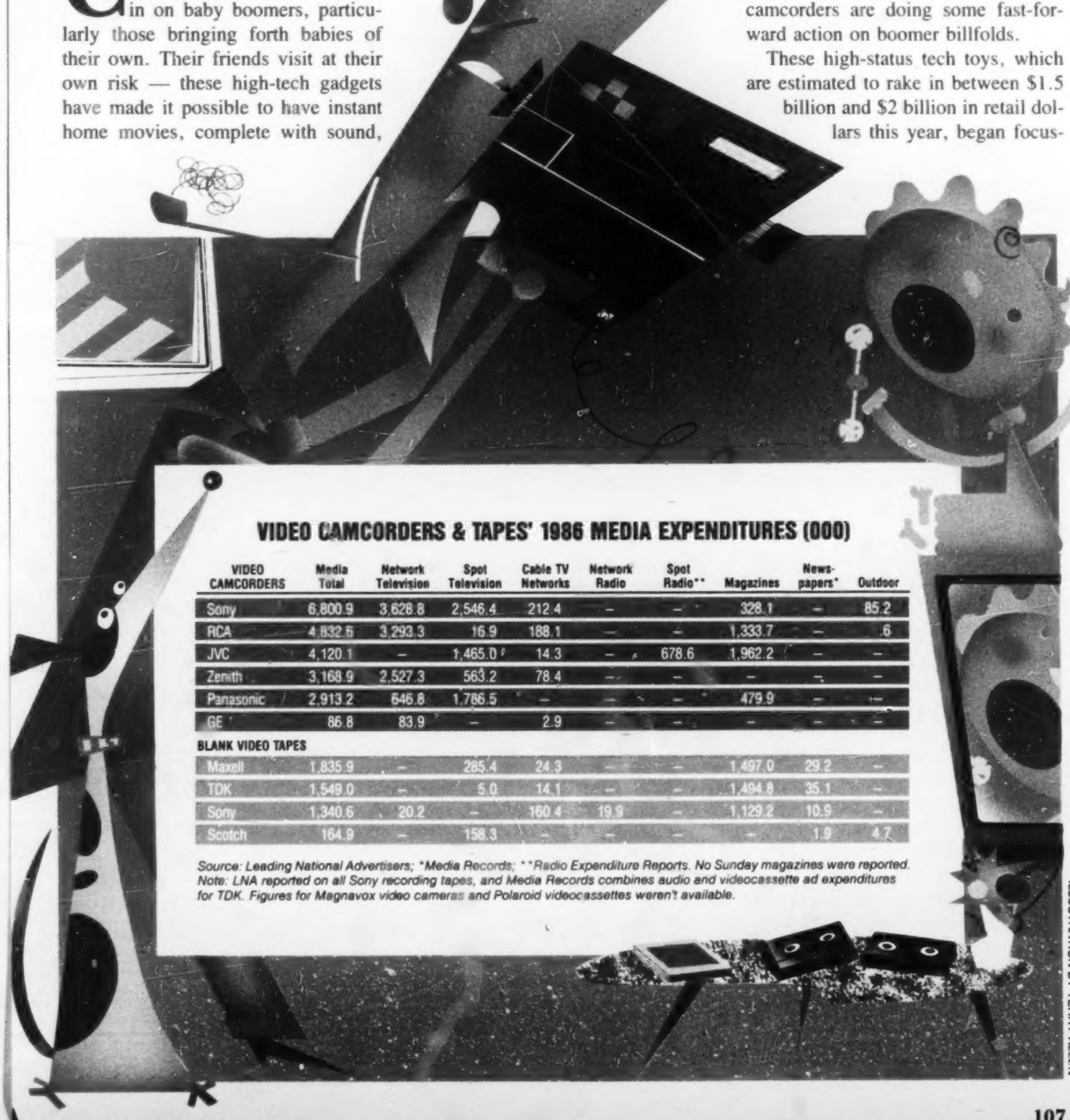


ILLUSTRATION BY TERRY ALLEN

VIDEO CAMCORDERS & TAPES' 1986 MEDIA EXPENDITURES (000)

VIDEO CAMCORDERS	Media Total	Network Television	Spot Television	Cable TV Networks	Network Radio	Spot Radio**	Magazines	News-papers*	Outdoor
Sony	6,800.9	3,628.8	2,546.4	212.4	–	–	328.1	–	85.2
RCA	4,832.6	3,293.3	16.9	188.1	–	–	1,333.7	–	.6
JVC	4,120.1	–	1,465.0	14.3	–	678.6	1,962.2	–	–
Zenith	3,168.9	2,527.3	563.2	78.4	–	–	–	–	–
Panasonic	2,913.2	646.8	1,786.5	–	–	–	479.9	–	–
GE	86.8	83.9	–	2.9	–	–	–	–	–
BLANK VIDEO TAPES									
Maxell	1,835.9	–	285.4	24.3	–	–	1,497.0	29.2	–
TDK	1,549.0	–	5.0	14.1	–	–	1,494.8	35.1	–
Sony	1,340.6	20.2	–	160.4	19.9	–	1,129.2	10.9	–
Scotch	164.9	–	158.3	–	–	–	–	1.9	4.7

*Source: Leading National Advertisers; *Media Records; **Radio Expenditure Reports. No Sunday magazines were reported. Note: LNA reported on all Sony recording tapes, and Media Records combines audio and videocassette ad expenditures for TDK. Figures for Magnavox video cameras and Polaroid videocassettes weren't available.*

ing on the prolific target audience four years ago. As of last August, camcorder sales were up almost 39% compared to a year ago, and the Electronic Industries Association predicts that unit sales will rise 33% to 1.6 million in 1987.

Buying a camcorder is like being a kid in a candy store again but this time one that sells Godivas. There are some 30 brand names of camcorders out there in the market, with countless models and prices that range from the upper hundreds of dollars to close to $2,000 each.

Small wonder that in 1986 Simmons Market Research Bureau Inc. reported owners of camcorders were college graduates — professional/managerial types with fat incomes. They also were 35-to-44 years old with children 2 to 5 years of age in the average household. These people are being badgered by all media types. It isn't possible to turn on a tv show without the possibility of seeing a camcorder commercial, and magazines run the gamut from *Parents* to *Playboy*.

At this stage, the camcorder demographic hasn't changed much. It is still close to being a videophile's toy as it was when Sony introduced its Betamovie camcorder in 1983, the first to incorporate camera and recorder into a single unit. Previously, a video camera was separate from the recorder, which had a strap to carry it like a shoulder bag, seemingly with a flatiron in it. The camera wasn't much lighter. The separate units were also inconvenient and expensive, observes Ira Mayer, executive editor, Video Marketing, a New York-based publishing and market research company.

Sony also made a Betamax videocassette recorder, which lost popularity rapidly after the VHS format, invented by JVC, came out with a VCR that boasted two-hour recording time instead of the Betamax's one hour, adds Mayer, who co-authored *Camcorders and the Video Photography Market*.

Consequently, full-size VHS camcorders are leading the pack with a 59% market share as of 1986. Other formats such as the compact VHS camcorder, or the VHS-C, had a 22% share and 8mm, the size of audio tape, had a 19% share. Beta squeezed in with a less than 1% share, says Mayer.

The New Sony Handycam Has Some Imposing Advantages.
Superimposing Is One of Them.
SONY

Buff books say the 8mm format has the best picture.

The market shares are a surprise to camcorder marketers, who thought the more diminutive camcorders would ensnare shutterbugs looking to lug less of a load. But, says David Lachenbruch, editor at *Television Digest*, "Americans, unlike the Japanese who like miniaturization, want more weight for their money." The additional few pounds also make a camcorder easier to handle, says Lancelot Braithwaite, technical editor at *Video* magazine. "Because they are so small, there is a tendency to wave them around," he explains. "If you are taping and turning fast, your audience gets very seasick."

"Americans," says *TV Digest* editor Lachenbruch, "unlike the Japanese who like miniaturization, want more weight for their money."

And let's not forget features. Says Mayer, "The people who are still buying camcorders are the early innovators. They want lots of features," he explains, adding that a consumer will pay the difference to get something with more features than a simple point-and-shoot camera.

The camcorder marketers aren't above pointing and shooting at each other, however. JVC's VHS-C and Sony's 8mm had a battle royal last year, and the compact VHS won after JVC convinced consumers with not-so-subtle commercials directed at Sony that JVC's camcorder was compatible with tabletop VCRs (see March 1987, pg. 99). Braithwaite notes, however, that the compact camcorders do need adaptors to show them on a VHS VCR, so if you want to send a copy of a tape to Mom, she, too, will need an adaptor, costing $40 to $70 extra.

Meanwhile, an 8mm camcorder can be hooked up to a tv, as most of the camcorders can, for viewing. But an 8mm deck is needed for viewing without the camcorder. The 8mm, like the Beta format, also suffers from a lack of backing from other big camcorder marketers who are sticking to the VHS format for camcorders and videocassette recorders. In fact, by 1991, Mayer predicts, compact VHS camcorders should have a 77% market share, followed by full size with 23%, and 8mm should have no market share whatsoever.

Regardless, on and off the record, buff and trade magazines agree that the 8mm has the best picture quality. But with Super VHS on the horizon, observers say the consensus may change. *Television Digest*'s Lachenbruch wonders, though, that if most people won't spring for an antenna for their tv, why will they bother spending large sums for a Super VHS for better picture quality?

All of these camcorder models require blank tape. The big tape marketers — like camcorders, tape marketers are many while manufacturers are few — say they recommend the higher-grade tape for full-size VHS camcorder use, if they aren't already pitching special camcorder tape. Lachenbruch is one observer who's not impressed. "People don't use them," he says. "It's a gimmick to charge an extra buck for a tape." Still, to make sure the story of higher quality tapes is driven home, some marketers are enclosing coupons in magazines to send away for informational brochures.

The $1 billion industry, however, is in a "shambles," says Jay Rosenfeld, publisher of *Video* magazine. "The price points have eroded to where they aren't making any money," he exclaims, referring to what consumer rebates have done to tape prices.

George Burr, marketing operations manager for 3M's consumer videotape, adds that consumer rebates are costing more to fund. "And all you've done is subsidize the lower price point in the consumer's mind," he says. But that hasn't stopped Scotch from offering rebates as part of its Olympics promotion this year. "The problem is everybody has a rebate," complains Burr. "It's a competitive situation."

Following is a list of camcorders with the leading market shares in 1986, according to *Television Digest*, a weekly industry newsletter. All of the companies' camcorder formats are included. RCA led with an 18% share; Panasonic, 13.7%; Sony 8.4%; JVC and GE, both 7%; and Zenith and Magnavox, both 6%.

Market shares for blank videocassette tapes are based on first quarter 1987 figures, according to *Twice*, a weekly consumer electronics magazine. Each of the major brands is within a hairsbreadth of each other: Polaroid, 12.9% share; Scotch, 11.2%; Sony, 10.7%; Maxell, 10.6% and TDK, 10.4%.

CAMCORDERS

RCA

RCA markets several versions of VHS camcorders, including full-size, compact and Super VHS.

Guy Johnson, manager, VCR camcorder marketing planning, says the full-size camcorders are suitable for vacations or professional videotaping. The compact version is "good for quick-moving situations." The full size has more features, Johnson says, and even though the compact is obviously smaller, little is given up in features. Super VHS is targeted at the affluent buyer or videophile.

Demographically, says Paul Harding, program manager of industry analysis, General Electric Consumer Electronics Business, households with dual incomes and children are the principal buyers of camcorders. He points out that affluent young people in the early era of the VCR had the ability to buy. "These same people who bought expensive VCRs before prices went down are buying camcorders." Grandparents are another key group.

This month, RCA is trying to spur sales of its new compact camcorder for the holiday season. About 60% of camcorder advertising will be in tv, with 30-second spots aired during baseball and football events. Co-op spot tv commercials will be edited for local dealer use. Newspaper ads also are purchased on a co-op basis. About 40% of camcorder ads are placed in magazines such as *Time*, *Parents* and *National Geographic*. Subscriber studies show that both women and men read these magazines. Johnson says the compact camcorder is targeted at women. "A lot more women are making the buying decisions, so we think they'll like the compact," he notes, adding that "smaller has been better in the past."

For the first half of 1987, about $4 million was spent on RCA camcorders, most of which was in network tv and magazines, according to LNA. Leo Burnett handles the advertising.

S M A L L
W O N D E R

RCA has the lion's share of the camcorder market.

One candle. That's all the light you need with the new Panasonic OmniMovie camcorder.
Panasonic

Panasonic, like other marketers, is dropping prices.

Panasonic

Panasonic makes the full-size VHS and the VHS-C. It also started marketing the Super VHS very recently.

When the company rolled out its camcorders in 1985, says Stan Hametz, vice president/general manager of Panasonic Consumer Video Group, the marketing pitch was to the "high-income videophile." Now the cameras are pitched to more of a cross-section of the population. The Super VHS camcorder will appeal to the "esoteric videophile who really wants high-resolution video." Those cameras will be in the $1,700 to $2,100 range.

Panasonic's first full-size VHS itself started at about $1,500 and has dropped down to $1,100 from $1,200. Most marketers have been dropping camcorder prices little by little. Hametz says the person who buys a full-size is more electronics oriented than the buyer of a compact camcorder, who wants more of an "aim and shoot" camera.

Panasonic targets mostly families with annual household income of more than $40,000 a year, 70% of whom own VCRs. A Panasonic camcorder buyer is 25 to 40 years old, college educated and employed in a professional or technical field.

Some 60% to 70% of Panasonic's camcorder advertising is in 30-second spot tv commercials that appear, for example, on *The Cosby Show* and *60 Minutes* as well as sports programing.

Panasonic also advertises the products in magazines such as *Money*, *Inc*. and *Time*, and also buff books such as *Video Review* and trade magazines, including *HFD*. "Drive-time" radio is occasionally used, and so is outdoor in heavily trafficked areas in cities such as Los Angeles, New York, Atlanta and Chicago.

Panasonic's ad assignment, which had been at Ted Bates, was under review at press time.

According to LNA, Panasonic spent about $1.4 million in ad expenditures, mostly in spot tv, for the first half of 1987.

Sony

Sony introduced its first 8mm camcorder in 1985 and now boasts seven models in its lineup, plus a Betamovie Pro camcorder, which uses the traditional half-inch tape.

The 8mm camcorders include handycams, the latest of which Sony claims is the "size of a paperback novel." A Handycam Pro model is being introduced this month and is said to be the highest-end camcorder by way of its feature benefits, such as a variable shutter speed recommended for sports analysis. Another Sony Handycam goes to the other end of the spectrum for those who want something like an instamatic camera, says Michael Meltzer, vice president, Sony Consumer Video Products Division. "People who are afraid of high technology would be customers," he explains. "There are a number of women and men who fall into this category."

For the past two autumns, Meltzer says Sony conducted an awareness-building campaign for its camcorders, advertising in all media types. The company also used direct mail to send product stories and opportunities for free carrying cases and tape upon purchase of a camcorder. This fall, the camcorders may be seen only in the buff books, parent magazines, popular science and photography magazines.

This past year, Sony promoted its products through a Video 8 Express Winnebago that roamed from retailer to retailer nationwide. Full-page ads ran in *USA Today* last spring.

Meltzer says that the magazine approach is being used beginning this month for the next four to five months to create a heightened awareness. Sony wants to be visible to a more targeted group of people. The target groups are age 25 to 45 and mostly families with children. Annual household income is more than $35,000 a year. McCann-Erickson is the agency.

Camcorders can be sophisticated, with variable shutter speeds and special gadgetry, or they can be simple, like instamatic cameras.

Leading National Advertisers says first-half ad expenditures were less than $100,000.

JVC

JVC is the king of the compact VHS unit, boasting four models, including a newly introduced Super VHS-C. This April, JVC is jumping into the popular full-size VHS camcorder market with a unit featuring high-fidelity sound.

Steve Isaacson, general manager of the Consumer Video Division, explains that a compact unit can't hold a hi-fi circuit, because the heavier unit could no longer be called compact. The target will be the "gourmet who wants the best," he adds.

JVC's record-only camcorder of the point-and-shoot ilk is skewed toward women and the more senior markets, because the camera "isn't intimidating," notes Isaacson. The last ad campaign found JVC's camcorders in *New Woman* and parenting magazines.

The current ads are in *Money*, *U.S. News & World Report*, *Playboy* and *Golf*. Christmas at JVC will bring a four-color insert showing the full camcorder lineup in newspapers. Some of

There's no business like the mature market business!

25% of our readers own 3 television sets, 38% own a 35mm camera, and 54% own an electric food processor.

50plus

850 THIRD AVE. • NEW YORK, NY 10022 • (212) 715-2781

JVC Introduces The Super VHS-C Camcorder. Clear Proof That Smaller Is Better.

We've Made Recorded History Again.

JVC

JVC is king of the compact VHS unit.

the larger retailers will direct mail the piece, says Isaacson. These will start around the middle of this month with the campaign centering around the Super VHS-C camcorder. SSC&B is the agency.

Broadcast ads are out, says Isaacson. "The overall consumer electronics industry profitability, especially this past year, has been difficult for manufacturers and retailers," says Isaacson. He warns, "Quite frankly, everyone is walking around with a knife for prices to cut. The overall quest for profit is so difficult with the dollar versus the yen that everyone is making cuts wherever they can."

Isaacson says LNA's estimate of $1.2 million in JVC camcorder ad expenditures for the first half of this year isn't "too far off."

GE

GE, unlike its relative RCA, markets only a full size, a compact and a record-only camcorder with no playback, something RCA doesn't have. And Super VHS with the GE name isn't even on the horizon for this year.

National advertising is nonexistent for GE camcorders. Brand-name ads are done rather than product-specific ones. Co-op advertising is produced locally for ROP newspaper ads, allowing retailers to tailor to their own needs.

"GE isn't as strong as the RCA brand name," explains Johnson of RCA. "It's sold by a lot of mass merchandisers that do their own advertising."

Jim Bonan, manager, product planning, RCA brand VCR/camcorder, adds that GE and RCA have different customer groups. GE products, he says, are more of a price brand found in stores like K mart. "RCA traditionally is stronger in video outlet stores," he explains. "It's more of a demand brand."

LNA didn't report any ad expenditures for GE camcorders for the first half of 1987. Last year, about $86,800 was spent on tv ads for both the video camera and recorder.

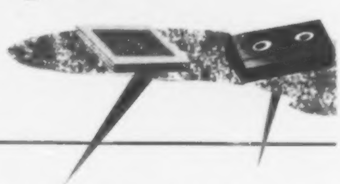
Zenith

Zenith, which markets full-size and compact VHS camcorders, is one of the rare companies that uses tv, and only tv, to pitch its camcorders.

Bruce A. Huber, vice president, marketing, says that Zenith tries to communicate quality in a 15-second tv commercial. He claims that Zenith is the first in the industry to do a campaign of all 15-second commercials, adding, "Zenith has always taken care to maintain a lily-white image in terms of shows during which we represent ourselves." He says that the company's products wouldn't appear during a show that would be R-rated in the theaters.

Oddly enough, in addition to family-oriented situation comedies, the camcorders may be seen during *Late Night with David Letterman,* as well as on *Nightline* and cable networks such as

Zenith, which claims a "lily white image," will only hustle its camcorders in 15-second tv spots.



1.3 MILLION VIRGINIANS NEED FOOD, CLOTHING AND SHELTER.

And they'll spend billions to get it. Last year, in fact, the Hampton Roads market spent 7.6 billion dollars in retail sales.

Not so unexpected when you consider that this is the 28th largest metropolitan area in the country. With the world's biggest naval base, plus Virginia's two most populous cities, Norfolk and Virginia Beach.

Does reaching one of America's most surprising markets mean anything to you and your business? Call Dale Bowen to arrange a brief introductory meeting or a full-blown presentation.

1-800-368-3071

The Virginian-Pilot
AND
THE LEDGER-STAR

MAGNAVOX
Smart. Very smart.

The Smothers Brothers are the spokesmen for Magnavox.

Cable News Network, Entertainment & Sports Programing Network and Financial News Network. Huber says a mainstay has been the sponsorship of the preview show for *Monday Night Football*.

The camcorders also are advertised in buff books. Radio and newspaper ads are done locally by dealers on a co-op basis. Foote, Cone & Belding is the agency.

Huber says Zenith markets its camcorders to everybody but particularly to 25-to-49 year olds with annual income of $30,000 plus, "mainly because we're interested in talking to them in terms of improving our market share."

LNA reports that, for the first six months of 1987, Zenith spent about $686,500 on advertising for its camcorders.

Magnavox

The Smothers Brothers are the spokesmen for the all-television advertising campaign that stresses a Magnavox camcorder is "so simple [to operate], even your brother can use it."

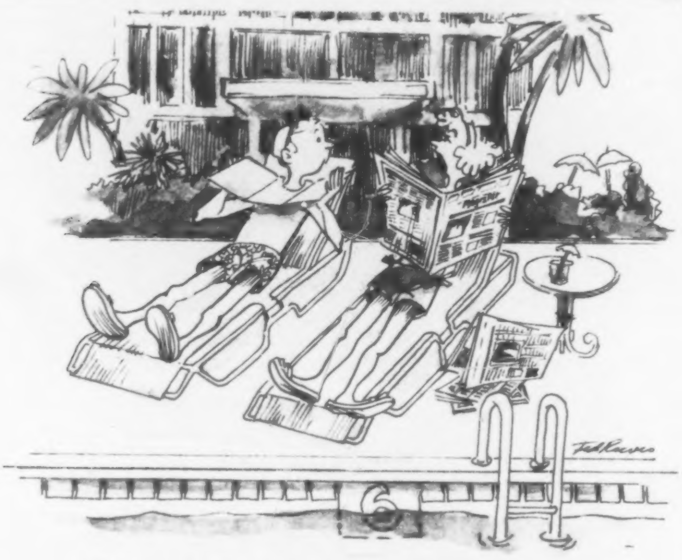
The spots began running September 21 and will go through December 14. They are running during prime-time shows, including *Cagney & Lacey* and *Miami Vice*, professional sports events and morning news shows. Alan J. Stone, vice president, management supervisor at agency Backer & Spielvogel, explains, "Everybody knows what a camcorder is," so the message "can be conveyed quickly on tv." Magazines, radio and billboards are not used.

Mike Leese, national merchandise manager of VCR/camcorder products for N.A.P. Consumer Electronics Co., a unit of North American Philips, says the camcorders made their debut at Magnavox, a division of N.A.P., two years ago. Magnavox will be adding Super VHS to its lineup of full-size and VHS-C camcorders.

He notes that the full-size VHS has appealed to more people than the compact because, for one, it has more of the same features as their table model VHS VCRs, and, because of that, it is more easily demonstrated by salespeople. The C type is used by consumers who are travel oriented or involved in sports training or sports events. He notes that professional golf and tennis instructors use the VHS-C.

The demographic target of Magnavox camcorders, which had a 6% market share in 1986, according to *Television Digest*, is family-oriented consumers age 25 to 45. The second biggest audience is retirees, 50-to-75 year olds, who have grandchildren on their minds.

The national ad budget had centered on color tv products but has shifted to camcorders "because of the wider appeal of the new technology," notes Leese.



"I knew we'd get some color while on vacation in Orange County, but this is more than I expected."

The Orange County Register ranks 4th in the nation in overall color advertising linage, 1st on a daily basis. (Media Records, Jan.-July, 1987)

THE ORANGE COUNTY
Register
METROGROUP

The leading medium in Southern California's richest market. Represented by CWO&O

Polaroid

Polaroid markets a line of 8mm tapes, compact VHS tapes and high-grade, full-size tapes to the camcorder market and, according to *Twice*, barely led the pack in first quarter 1987 with a 12.9% share.

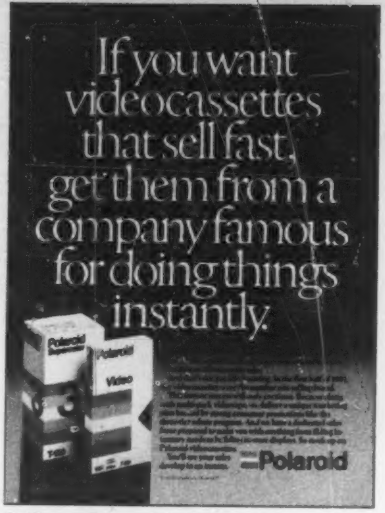
Don Patrican, national sales and marketing manager for the magnetics division, says Polaroid is launching a trade campaign in *Photography News* and other books for the January consumer electronics show and a consumer promotion next month.

The 8mm and VHS-C blank videocassettes are currently sold in single-tape packages and also will be sold in two-packs next month. A one-dollar rebate for 8mm, VHS-C and high-grade full-size VHS tape will run from February 1 through August 31.

Patrican, who is a proponent of consumer rebates, says the T-120 tape formerly sold for $19.95 in 1979, while today it sells for $3.99. "The industry has been driven on price values to the consumer," he explains. "We have not had a problem with rebates nor have the dealers nor the consumers." He says Polaroid has been using rebates for four years and that the company's magnetic tape business is profitable.

Polaroid also sells multi-packs with three to six tapes, using the graduated rebate philosophy, meaning the bigger the multi-pack, the greater the rebate.

Polaroid's tapes are advertised on a co-op basis with dealers who run ROP ads in newspapers. Patrican says a direct marketing approach is being tested. Polaroid also is looking at designing camcorder lifestyle slicks for dealer use.


If you want videocassettes that sell fast, get them from a company famous for doing things instantly.
Polaroid

Polaroid is a big believer in consumer rebates for tapes.

Scotch

Following the leader Polaroid, the remaining four brands profiled in this report are separated by one-half share point or less, and each has a share above 10% for first quarter 1987, according to *Twice*.

Scotch (11.2%, first quarter 1987, *Twice*) makes a full-size videotape strictly for camcorder use. The tape's encasements are somewhat like the containers used by videotape rental stores, but Scotch camcorder tapes are in "lockable" cases, says George Burr, marketing operations manager for 3M's Consumer Videotape. Scotch, which also makes VHS-C and 8mm tape, is the official sponsor of the Olympics this year, so the logo appears on all packaging. Rebates and sweepstakes have been offered as part of the Olympics promotion.

Scotch's camcorder tapes are sold as singles or in twin packs. Burr also believes that camcorder owners use less tape during the year. For example, he says, a user may tape one event and then tape over it after placing it on a master tape of memories.

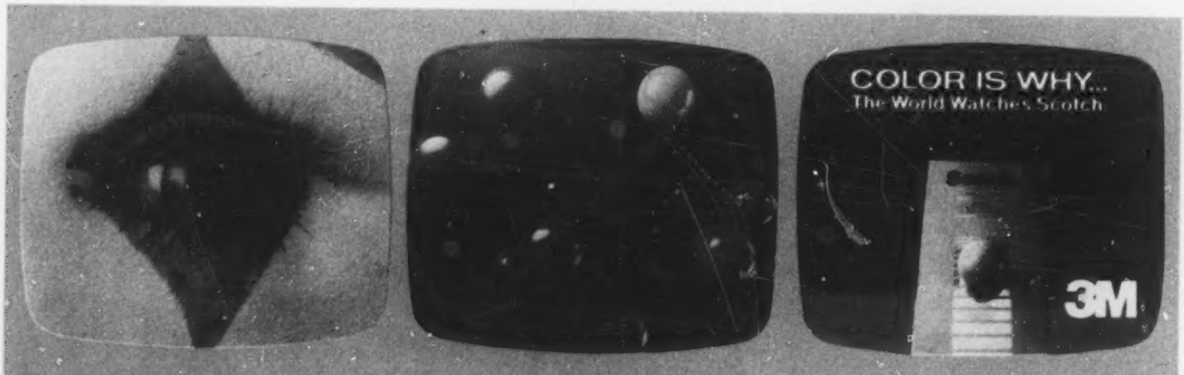
Advertising is really done on a full-product basis rather than spotlighting camcorder products. Super VHS tape will probably be the leading edge format for advertising. Burr notes that Scotch is investigating specialized consumer offers for camcorder tapes. Debut may be at the January Consumer Electronics Show.

For all of its blank videocassettes, Scotch will customize 30-second tv spots, 60-second radio commercials and ROP ads in newspapers for dealers on a co-op basis. *USA Today* and *TV Guide* as well as *Video Review* and *Video* magazines have been used. Advertising dollars are estimated in the hundreds of thousands for camcorder tapes. Mars Advertising in Southfield, Mich., is the agency.

Sony

Sony makes full-size VHS in addition to full-size Betamovie and 8mm tape, and is planning to bring out a camcorder tape, says John Hollands, president of the Sony Magnetic Products Co.

For the Christmas season, a free-tape giveaway started last month that "I'm terribly unhappy with," complains Hollands, "but without it you are at a serious competitive disadvantage." Rebates, he adds are a "tremendous



Scotch's 30-second spots appear on news and game shows.

Move them up with a name they look up to
SONY
SONY

Sony "is terribly unhappy" with its tape giveaway.

detriment to the marketplace. You can't afford it." But, he says, if a retailer learns you don't have one, they don't want you. This is changing, however, with K mart refusing rebates next year and other retailers thinking of joining the boycott. Sony's rebate has been for consumers to buy five tapes and get one free. Last month it dropped to buying four to get one free.

Sony's tape ads have run strictly in print in books such as *Videography*. A direct-mail effort in conjunction with American Express involves brochures about 8mm camera, optional equipment and tape enclosed in bill statements. Tape is either merchandised or given away free. There was a mailing last month and another is scheduled for next month.

Hollands says there will be specific camcorder tape advertising scheduled for spring. McCann-Erickson is the agency.

Maxell

Maxell, which markets all formats of videotapes for camcorder use, is a big proponent of educating the public about tape grades. The company even pitches a videotape handbook that discusses everything from recording tips to applications of different tapes.

The book has been available by sending in coupons from magazines. Blank-tape ads have been in buff books, *Time*, *People* and *Cosmopolitan*. Tv hasn't been used recently because of the expense. Some outdoor ads featuring both audio and video are displayed in New York's Times Square. Scali, McCabe, Sloves is the agency.

MAXELL. THE TAPE THAT LASTS AS LONG AS THE LEGEND.
120

Maxell likes to teach about tape grades.

Mike Golacinski, vice president of sales and marketing, says in-store point-of-purchase, such as videotape selector cards at retailers, show different tape applications.

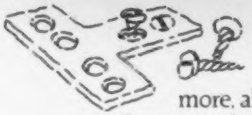
A Christmas promotion will be free audio tape given away with the purchase of a three-pack of videotape. Maxell also is offering a three-pack that holds two standard videotapes and a higher grade for no extra cost.

Ian Irving, national sales manager of the battery division, says a camcorder starter kit that debuted in June for Sony camcorder products has been so successful that other starter kits will be offered in all camcorder formats. The kits contain a spare battery, an accessory carry bag and an instructional handbook on the camcorder.

Irving notes that camcorder marketers have trouble selling accessories, so Maxell's kits are placed beside the cameras or in an accessory display. "There tends to be a fairly high incentive for salespeople to sell [a kit] along with the camcorder," says Irving, who says the acceptance level has been so high it hasn't been necessary to advertise.

LNA says for the first half of 1987,

SEND YOUR TEE TO CHINA.



Exporting industrial tees and other equipment to China means business. Increased sales for your special tees, joints, brackets, fittings, and more, all over the world. Call U.S. and Foreign Commercial Service now. 1-800-343-4300* Operator 199.
*In Alaska call 1-800-331-1000

A Public Service of the Ad Council, the U.S.D.A. Forest Service and your State Forester
MOKE
Only you can prevent forest fires.

Maxell's ad expenditures were $489,400 for blank videotapes.

TDK

TDK, with a 10.4% share for first-quarter 1987, according to *Twice*, recommends its extra high-grade, full-size VHS tape for camcorder use, and it also makes VHS-C and 8mm tape. When Super VHS hits the market heavily, they'll make that too, says Louis Abramowitz, national advertising manager.

Ads instruct camcorder users to "have brighter, sharper kids" by using the highest grades of TDK videocassettes. High-grade tapes account for 15% to 20% of the videotape business, says Abramowitz.

TDK recently stopped rebates and currently is doing a travel cash promo that offers a $50 coupon toward consumers' vacation plans. That promotion started September 1. "We find through demographics of videocassette users that they are prime travel people," notes Abramowitz. TDK also will gift wrap multi-packs for Christmas.

Marketing is difficult, observes Abramowitz, because competition is "extremely tough," the price wars mask any such efforts and there isn't any brand loyalty. TDK feels it is the company's responsibility to educate consumers and provides explanatory pamphlets because of the confusion that may result when trying to select tape grades and brands.

Tv isn't used for advertising because of the expense, says Abramowitz. Magazines such as *Popular Photography* or video-buff books are used. "Bingo" cards may be enclosed to send away for further information on tapes. TDK also advertises in *TV Guide* and cable guides. Radio spots are purchased through co-op advertising with retailers.

A few billboards feature TDK tapes in locations outside of Los Angeles International Airport, Georgia and the New York metropolitan airports. Billboards are in Georgia because of the TDK production plant housed there. Stogel Companies is the agency.

LNA's estimate of $1.5 million in ad expenditures for all TDK videocassette tapes in 1986 is a low estimate, says Abramowitz. ■

PULL OUT

SALES PROMOTION

by Russ Bowman

1988: A PROMOTION SHOPPER'S SPREE

There are two ways of looking at the current state of promotional media and the trends in the business: There is the supplier view and the marketer's perception. In the long run, the more these two sides understand each other's goals and profit criteria, the better the business will be for *both*. In the short run, greed and a lack of understanding by self-serving suppliers could lead to disaster.

The big news this year is that page rates for FSIs are once again coming down (especially national runs), and the two leading FSIs are offering virtually a weekly schedule. Additionally, there are more direct-mail options than there were even three years ago.

Last year, we published our second annual promotional media calendar in the December issue. It is not only being repeated, it is being moved up one month by popular demand. The 1988 calendar lists 269 dates, compared to 236 in 1987. A 14% increase in available dates doesn't seem too excessive on the surface, but the key factor is how to look at 124 scheduled FSI issues compared to 104 in 1987. "That's a 20% increase," according to Paul Moschetti, president of Quad Marketing, "which gives all of us in this business good cause for concern, considering we are currently showing the business up by only 14% year to date vs. last year." Nevertheless FSIs still dominate the world of couponing, with 68% of coupons distributed in 1986 compared to 51% only two years earlier in 1984. (See chart, next pg.).

After the FSI field dropped from four to three players in late 1986, Valassis became the undisputed king of the couponers. At that point Valassis had approximately 60% of the FSI business. Then the Valassis company was purchased by Australian Kerry Packer, providing even greater financial

1988 PROMOTIONAL MEDIA CALENDAR

	FSIs			IN STORE	ROP			DIRECT MAIL*			
	Quad	Valassis	Prod Mov.	Act Now	Val	Sun	SPD	CW	MBV	LT	METM
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[illegible]	44	45	35	8	52	50	1	10	18	4	2

KEY TO HEADINGS

FSI:	**IN-STORE:**	**ROP:**	**DIRECT MAIL:**
Quad	Act Now	Valassis B&W	Carol Wright
Valassis		Sunflower	Mailbox Value
Product Movers		Shopper's PayDay	Larry Tucker
			Metromail

* Direct Mail dates reflect beginning of "drop" period.
Compiled by Westfield Marketing Inc.

strength. Meanwhile Blair Marketing, suffering from the financial losses of a less-than-successful venture into the direct-mail business, sold the insert business to Quad Graphics, a well-established printer in Pewaukee, Wisc., and in a relatively short period of time took a company which had been in last place to a solid second position behind Valassis. In third place, but gaining steadily, is Product Movers, which has been increasing its insert schedule and average size of issue.

The FSI companies do see the need to continue searching for ways to improve the state of the art. Ken Bortner, president of Product Movers, says, "We are trying to sell 'value added' as opposed to 'price cutting.' " Product Movers now offers both gatefold positions ("The Power Page") and card-stock tip-on coupons, both of which, although they carry a rate premium, deliver considerably increased coupon-redemption rates. In the case of their Power Page, Bortner says results to date have shown 25-50% incremental redemptions.

General Foods (Maxwell House) tested the tip-on cards earlier this year and as a result has gone national with four coupons on one card. Product Movers also offers a spot-tv option that runs in 22 markets for prices starting at $19,000 *including* tv-production costs. Bortner says his clients have experienced a 10-15% increase in redemptions with the tv "hype."

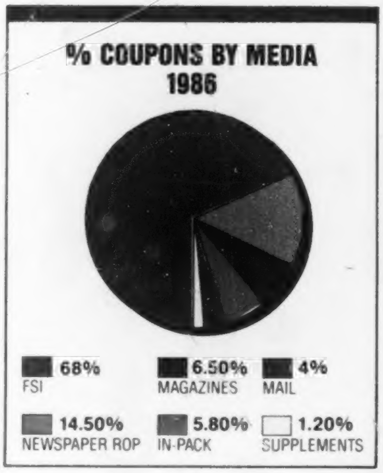
PERCENT INCREASE AUGUST YEAR-TO-DATE VS. 1986	
FSI Industry	+14%
Quad Inserts	+100%
Product Movers	+22%
Valassis (NCC)	−10%

Quad president Paul Moschetti's analysis of cumulative volume of insert pages shows Quad making big gains through August 1987.

Competition has come to the direct-mail area as well, especially in 1987, which seems to have set the pace for '88. The return of Metromail's "Red Letter Day" co-op hit the mail boxes twice in 1987 and is scheduled for two more dates in '88, with slightly increased circulation (31.2 million). They also found a new parent company with some deep pockets, R.R. Donnelley, an old, established printer in Chicago. Advo's renamed national mailing, "Mailbox Values," has increased its schedule to 18 dates in 1988, and Donnelley will again run 10 co-op mailings — with four at circulations that compete with the FSIs (45 million).

Larry Tucker's organization started out 1987 with only two planned mailings but doubled its effort and produced four. Four co-op mailings for all of their demographic segments are scheduled again in '88, and their "American Family Group" co-op to 20 million families will support a newly formed anti-drug effort headed by Bob Hope called "Hope for a Drug-Free America."

The one common denominator among most of the promotional media is a continued effort to gain a closer relationship with retailers. Advo's "Mailbox Values" has the opportunity to carry retailers' circulars with the same mailed package as the brand name coupons, which in several markets has been a decided plus. Donnelley and Larry Tucker continue advance mailings to supermarket buyers and merchandisers and regularly run advanced advertising with the names of participating brands in *Supermarket News* and *Progressive Grocer*.



Two relatively new promotional media that appear on the calendar for the first time this year, Act Now (coupon booklets hand-distributed in-store) and Shopper's Pay Day, a co-op refund program that distributes copies of their ROP newspaper ads in supermarkets, have a direct retailer involvement.

For the FSIs, however, retail tie-ins are a somewhat two-sided picture. The local newspapers obviously want control of retail advertising in their market, but there are indications that the picture is changing. Product Movers has set up a plan they call "Trade Power" that enables a retailer to use co-op allowances to run tie-in features in Product Movers' FSIs adjacent to the manufacturer's ad/coupon. One of the first to try this idea was Acme in the Philadelphia market, with price features on P&G's Cascade and Joy dishwashing brands. Quad Marketing has taken a different approach by allowing the local newspaper retail sales staff to sell four-color retail advertising in Quad Inserts (providing of course their ad doesn't feature competitive packaged-goods products.)

It looks like an exciting year for advertisers and a competitive challenge for the suppliers in 1988. The price war hopefully will level off, keeping most of the promotional media's books in the black — if not, you may just see a slightly smaller list next year.

POINT/COUNTERPOIN

MINING FOR NEW PRODUCTS

CREATE, DON'T NEGATE

The essence of line extension is greed.

Marketing executives just can't seem to say no to the proposition that we can "extend the franchise of our well-known brand name."

It is a compelling argument as visions of new business dance in management's head — and for less money than complete new products as they take a "free ride" on the well-known name.

Unfortunately, there is no free ride and, in time, the fare has to be paid. Cases in point:

1. Scott Paper hung the "Scott" name on so many products (Scott Tissue, Scottkins, Scotties, Scott Towels) that the word "Scott" had no meaning on a shopping list. Along came Mr. Whipple, and those tissue squeezers from Charmin took away the business.

2. Xerox lost hundreds of millions trying to sell Xerox machines that couldn't make copies — computers.

3. Miller has tried to push both High Life and Lite at the same time. The stronger Lite became in the consumer's mind, the weaker High Life became. Today, Lite is far bigger than High Life, whose sales continue downward.

4. The five major cigarette brands of my youth have expanded to 269 brands today. Many of them are line extensions. The results: more expense and less business for each player. To add insult to injury, the product proliferation has led to "slotting fees" for the retailer whose shelf space is a shrinking commodity.

Successful positioning is the opposite of line extension.

The full line is a luxury for the leader to explore. If you want to compete against the leader, you have to reduce your product line, not expand it. History has repeatedly demonstrated this principle.

One example is hand lotion.
time, Jergens was the numb
brand with the dominant share o
ket. The company then line-ex
with Jergens for Men, which w
lowed by Jergens Extra D
cream-like product in an era
quid-like lotions.

Chesebrough-Pon
tacked on a narrow
with Intensive Car
new cream-like loti
a name which pos
the product clearly
consumer's mind. A
product took off.

When Jergens r
what was happening
counter-attacked with a brand
Direct Aid. But it was the old s
too little too late — the marketi
tory went to Intensive Care. T
outsells Jergens, Jergens for Me
gens Extra Dry *and* Direc
combined.

Jack Trout is president of Tr
Reiss, a marketing-strategy firm

OUR READERS TELL US . . .

Research USA, Chicago, recently conducted a poll asking readers to give their opinions on new products and brand equity. They found that the success of a new product depends largely on a combination of consumer acceptance, existing brand names, the cost of launching the product and the availability of shelf space. (Base = 128, unless otherwise specified.)

1. Have you increased or decreased your new product-development spending for next year?

Increased	69.5%
Decreased	13.3%
No change	17.2%

If increased, by how much?

5% or less	2.2%
6% - 10%	23.6%
11% - 15%	15.7%
16% - 20%	16.9%
Over 20%	37.1%
No answer	4.5%
(Base = 89)	

If decreased, by how much?

5% or less	11.8%
6% - 10%	11.8%
11% - 15%	11.8%
16% - 20%	5.9%
Over 20%	58.7%
(Base = 17)	

2. What percentage of this activity is for development of new products, and what percentage is for creation of brand extensions?

Develop new products
Create brand extensions

3. Considering the failure rat
new products, do you see ne
development becoming:

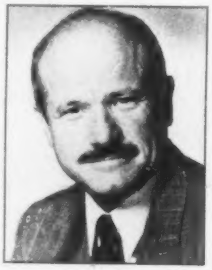
More competitive
Less competitive
Staying the same
No answer

4. How important are each
lowing when developing n
ucts?

Cost:
Very important
Somewhat important
Not very important

BUILDING FROM STRENGTH

Let us first agree on the exception to the rule — if you have a giant breakthrough in technology, it does not make sense in most cases to launch the resulting product under an established brand. One should seek a new brand name, because there is a real possibility of a larger franchise and the establishment of a whole new entity for your company.



In many other cases, there is a very good chance that launching a new product under an established brand name is the correct approach. To develop this thesis, let us approach it two ways: Will it help, or will it hurt?

How it helps: Even those marketers who have very high-scoring concepts have difficulty these days breaking through the media clutter because of the cost. An established brand name will enable one to get awareness for a new product with fewer media dollars.

The consumer, being inundated with new entries, has become increasingly skeptical about trying new products. However, under an established brand name such as Aunt Jemima, Ivory, Hershey, Coca-Cola or Woolite, etc., trust is already established and trial rates can go up significantly.

The trade, increasingly playing a major role in new product launches, is much more positively disposed toward an entry with a brand name known to them and the consumer.

Does it hurt? Most of the opponents of brand-name equity leveraging maintain that it can *a)* hurt the parent brand and *b)* potentially limit the success of the new product, with primary arguments placed upon hurting the parent.

We challenge you to come up with a good example of a successful new product launched under an established trademark that has hurt the parent.

Miller Lite is frequently given as an example of a brand that has hurt the parent. But if you look at the barrelage and share figures in the beer industry, what you quickly discover is that all of the premium brands — Stroh's, Heileman's, Coors, as well as Pabst — have declined precipitously in the last ten years, and of course, Schlitz is out of business. Miller, on the other hand, has maintained its share of business with the combined barrelage of Miller High Life and Miller Lite. We agree that Miller High Life has declined markedly, but with Budweiser spending an incredible amount of money, it is our contention, backed up by the decline of other major premium beers, that Miller High Life probably would have declined anyway.

Miller Lite, at this point, is the major entry in the light-beer segment, which is the growing segment of the beer market and one that Budweiser, with its Bud Light and gigantic expenditures, is having trouble conquering. Furthermore, Miller has been able to keep its name very strong through Lite and has recently launched another product (Genuine Draft) that is proving to be a success. Therefore, we contend that in this case, the leveraging of the equity in the Miller brand name has actually saved the franchise.

One of the issues that apparently is lost on the opponents of equity leveraging is that many brands are not going to be around forever. In today's world of faster product life cycles, trademark erosion is going to be even more of a factor.

In sum, unless you have a very strong product entry, you should consider introducing your new products under existing trademarks.

Chester Kane is president of Kane, Bortree & Associates, Inc., a new-product development and positioning firm.

Not at all important	—
No answer	—
Availability of shelf space:	
Very important	32.8%
Somewhat important	26.6%
Not very important	16.4%
Not at all important	13.3%
No answer	10.9%
Consumer acceptance:	
Very important	95.3%
Somewhat important	4.7%
Not very important	—
Not at all important	—
No answer	—
Saturated markets:	
Very important	32.0%
Somewhat important	44.6%
Not very important	13.3%
Not at all important	3.1%
No answer	7.0%
Other:	Insufficient response

5. Do you feel it is easier to get consumers to try new products today as compared to five years ago?

Yes	44.5%
No	52.4%
No answer	3.1%

6. Do you think a line extension has any advantage over a new product?

Yes	78.1%
No	15.6%
No answer	6.3%

7. Would you take ad dollars from some of your other product lines for introduction of a new product?

Yes	85.2%
No	14.8%

ECONOMIC EYE

TOBACCO SMOLDERS

A Kidder, Peabody report shows tobacco ad activity continues to fall. Philip Morris' tobacco spending in 1987's second quarter was flat compared to 1986; RJR's tobacco ad dollars were −21%; Brown and Williamson's, −46%; American Brands', −13%; and UST's, −16%.

MAGAZINE AD SCORECARD	Ad Pages Sept. 1987	% change from Sept. 1986	Dollars spent (000)	% change from Sept. 1986
1. Skin Care, Creams, Lotions and Oils	184.76	+20.5%	$ 5,480.7	+36.9%
2. Lip and Eye Beauty Products	92.26	− 5.0	3,297.8	+ 6.7
3. Scents and Fragrances	204.61	+15.6	5,378.7	+16.6
4. Facial Makeup Products	111.29	+9.9	4,573.6	+16.8
5. Prepared Dinners and Entrees (Including Pizza)	29.69	+5.2	7,045.4	+33.1
6. Liquor	354.80	+15.7	15,404.3	+15.9
7. Cigarettes	551.96	−1.8	29,750.0	−7.5
8. Soaps and Detergents	54.79	+30.6	3,328.3	+14.9
9. Passenger Cars, Domestic	167.36	−21.2	10,558.5	−23.0
10. Passenger Cars, Imported	307.50	+82.9	13,565.1	+58.4

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100	1986		1987													
	Dec.	% change	Jan.	% change	Feb.	% change	Mar.	% change	Apr.	% change	May	% change	June	% change	July	% change
Network TV																
Daytime	85	−15	92	−9	86	[illegible]	88	[illegible]	92	[illegible]	92	[illegible]	95	[illegible]	98	[illegible]
Nighttime	109	+9	106	[illegible]	105	[illegible]	112	[illegible]	99	[illegible]	110	[illegible]	112*	[illegible]	109	[illegible]
Spot TV																
Prime time	116	+16	129	[illegible]	133	[illegible]	131		–		–		–		–	–
Daytime	105	+5	130	[illegible]	108	[illegible]	108				–		–		–	–
Network radio	101	+1	139	[illegible]	130	[illegible]	126		116	[illegible]	116	[illegible]	114	[illegible]	102	[illegible]
Spot radio	——	——▷	◁——		– 101		——		◁——		— 98		——	——▷	–	–
Consumer magazines	107	+7	109	[illegible]	109	[illegible]	110	[illegible]	109	[illegible]	109	[illegible]	109	[illegible]	109	[illegible]
Natl. Sunday mags	94	−6	103	+11	103	[illegible]	103	[illegible]	103	[illegible]	103	[illegible]	103	+7	103	+7
Business publications	107	+7	111	+5	111	[illegible]	111	[illegible]	111	[illegible]	111	[illegible]	111	[illegible]	111	[illegible]
Newspapers	109	+9	116	[illegible]	116	[illegible]	116	[illegible]	116	[illegible]	116	[illegible]	116	+7	115	[illegible]
Outdoor	106	+6	111	[illegible]	111	[illegible]	111	[illegible]	114	[illegible]	114	[illegible]	114	[illegible]	114	+6

Notes: Percentage shown is relative change from the same month/period the year before.

1985 = 100

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

MARKETING & MEDIA

DECISIONS

DECEMBER 1987 • $4.00

C2950-3
12/10/87

THE 1987 MEDIA ALLSTARS

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CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA, MD 20814

MARKETING & MEDIA DECISIONS

December 1987, Vol. 22, No. 12

COVER STORY

THE 1987 MEDIA ALL STARS

The clients have spoken, and we have listened. The result is The 1987 Media All Stars, a team of media department professionals who embody the skills that make a difference when planning and buying media, plus eight others who have attracted particular attention this year. They offer a portrait of today's ideal media department.

MEDIA DIRECTOR: GEORGE W. SHARPE II 30

Details, details, details. Not one is overlooked by Sharpe at Young & Rubicam. Star Watch: Camille Johnson, Chiat/Day.

ASSOCIATE MEDIA DIRECTOR: WILMA EPSTEIN 39

She's a rebel, and it's her unconventional thinking that leads to her most innovative media strategies at Ogilvy & Mather. Star Watch: Marian Ceschin, Foote, Cone & Belding.

NATIONAL BROADCAST: BOB IGIEL 45

You know this guy's a star when even Coca-Cola, a non-Ayer client, dubs him the best in the business. Star Watch: Steve Grubbs, BBDO.

LOCAL BROADCAST: PEGGY GREEN 51

Despite her ascendance at Saatchi & Saatchi DFS Compton, she is devoted to clients' interest on the local level. Star Watch: Sharron Lalik, DMB&B.

PRINT: DAVID LEHMKUHL 57

His statesman-like approach to print has earned him tremendous respect from sellers and special print opportunities for N W Ayer's clients. Star Watch: Doug Hochstadt, J. Walter Thompson.

RADIO: VICKI BRUNO 65

She's a tough negotiator who gives "150%" at BDA/BBDO. Star Watch: Tamara Meldrum, HDM.

CABLE: MARY ANN MADIGAN 73

A good price on cable is a given, says DDB Needham's Madigan; the magic is in maximizing a buy's potential.

OUT-OF-HOME: BOB FLOOD 81

DMB&B's Flood has been teaching the industry some new tricks lately — 33 years after entering the business. Star Watch: Janice Clements, Laurence, Charles, Free & Lawson.

MEDIA RESEARCH: JANE ZENATY 87

She says her high profile is logical, given the new interest in research. Her clients say it's warranted, given her talents. Star Watch: Roger Baron, Foote, Cone & Belding.

BRAND REPORT 143: SKIN-CARE TREATMENTS 109

New formulas and an aging population meet in this growing, and often pricey, segment. But watch out for the FDA.

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FREEZE FRAME 10

Pay-per-view news, plus a look at cable's direct-response possibilities.

DIRECT MARKETING 14

The Direct Marketing Association sums up 1986 and analyzes the mail-order-wary among us.

Jayne Zenaty, Leo Burnett

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Classified information . . . The packed-goods plan . . . *The Cable Guide* and Times Mirror . . . An in-magazine newsstand.

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Cable's special appeal for a specialized advertiser, and some mixed signals on the use of 800 numbers.

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The sale-promotion agency business is divided into the creative side and those

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Peggy Green, Saatchi & Saatchi DFS Compton

Bob Igiel, N W Ayer

Wilma Epstein, Ogilvy & Mather

Mary Ann Madigan, DDB Needham

David Lehmkuhl, N W Ayer

Bob Flood, DMB&B

Vicki Bruno, BDA/BBDO

who concentrate on strategy. Both sides appear to be bringing their agencies into the mainstream.

BROADCAST BEAT 135

Fall fare falls . . . Kidvid rules could help the nets . . . Tv "tune-ins" on cable . . . Smell-o-Vision . . . Radio rating rumbles.

BOOKS, ETC. 138

Wow! You won't believe what they're up to at the Media Lab at MIT.

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Which contributes more to an potential employee's profile: a liberal arts background or a business-specific degree? Some thoughts from recruiters, plus some answers from our readers regarding their own education.

ECONOMIC EYE 142

CBS eyes the Big Three's future, a magazine category-spending update and our latest Media Cost Index.

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New software packages offer dramatic and detailed illustrations for strategic analyses.

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The current debate surrounding skincare products' anti-aging claims asks the question, "When does product become a drug?"

LAST WORD 152

There was a lot our reporters heard in their All Star research that was, to say the least, eye opening.

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Media departments should be more vocal in bringing their accomplishments to the attention of management.

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Remember: There's no such thing as a uniform target.

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An expert offers an overview of the impact of VCRs on negotiations, ratings and ad effectiveness.

COVER PHOTO CREDITS: Steven Begleiter, Mike Fletcher, Richard Flynn, Mike Horan, Bard Martin, Chuck Slade, Larry Thomas. Background: Maria Ferrari.

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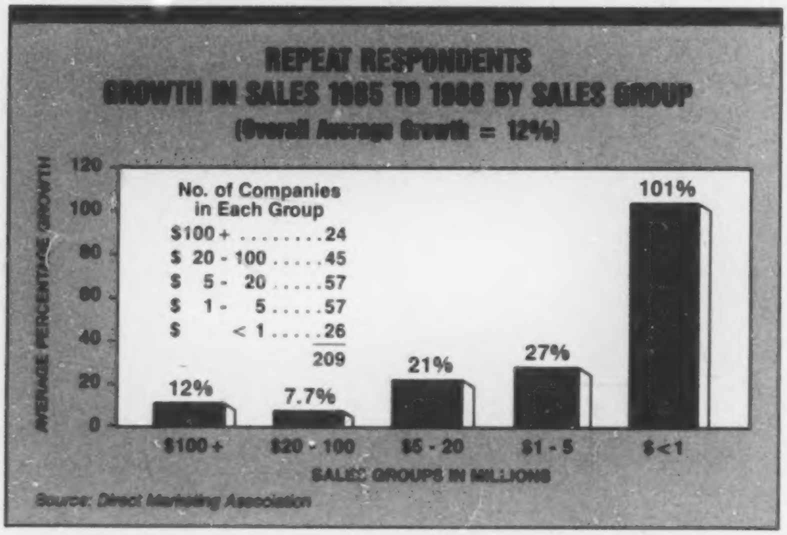
DIRECT MARKETING

by Rebecca Fannin

$33.9 BILLION, AND GROWING

The long-awaited study of the size of the direct-marketing industry was recently completed by audit firm Arthur Andersen & Co. The results, which were revealed at the annual Direct Marketing Association (DMA) convention, show a sales volume of $33.9 billion by for-profit, nonfinancial members of the association.

That represents a growth rate of 12% for respondents that had also supplied figures last year.



Source: Direct Marketing Association

In addition, direct-response advertising expenditures, including outbound telephone marketing costs, were reported at $3.3 billion. Catalogs represented 47% of these expenditures, while direct mail accounted for 41%.

The survey also found that 16% was the average direct-response advertising-to-sales ratio for nonprofit, financial members. It was 19% for mail order, 8% for retailing, 33% for publishing, 16% for manufacturing and 7% for wholesaling.

The survey had a 36% response from a universe of 399 firms. It's intended that the survey will be expanded next year to include insurance and credit cards. There are also plans to survey nonmembers.

CONVINCING THE UNCONVINCED

In a continuing effort to try to learn why more consumers don't shop by direct mail, the DMA has been supporting a four-year, industry-wide research project. Recently, the results of its first year of study were released.

Although many of the findings seem obvious, the DMA hopes seeing them in black and white might forestall errors made by marketers.

For instance, in exploring the attitudes and perceptions of infrequent home shoppers, the DMA found that consumers were aware of the benefits of shopping at home — convenience and ease of shopping 24 hours a day, ability to comparison shop and locate unique items. However, the consumers interviewed felt the benefits were overshadowed by potential problems and inconvenience in returns.

Focus-group feedback suggests light buyers are concerned that they will be dissatisfied and will regularly have to return ordered items. Their concerns were based, however, on skepticism and hypothetical possibilities, not on their own experience.

Infrequent shoppers worried that companies might not trust them when they report that an item was received damaged. And some mentioned that repacking is troublesome and return postage expensive.

The interviews further showed that infrequent home shoppers are unaware of the processes for solving a purchase problem.

As for toll-free numbers, current shop-at-home customers find them very appealing, because they give them more direct control over their transactions. Infrequent shoppers, however, have a low awareness level about 800 numbers, whether it's for placing orders or obtaining product information to check the status of delivery.

The focus sessions were held in Chicago, San Francisco and in Fort Lee, N.J. They included shoppers who had made at least one but no more than two direct-mail purchases within the past year. Participants included single and married males and females with household incomes of at least $25,000. The qualitative research was conducted by Tracy Research in New York.

As a result of the research findings, the DMA has developed a booklet of recommended practices for marketers. The DMA is also is working on industry-specific booklets.

In another move, the DMA has created a Shop-at-Home Information Center, which is being headed by Lisa Caugherty, a former senior account executive at Doremus Porter Novelli where she managed the *Reader's Digest* account. Caugherty plans to publish a consumer information booklet about shopping at home.

television costs that are currently up 20-25% year on year and show no sign of falling; the failure of radio to provide a viable national alternative; and a recent circulation upturn for both women's monthlies and weeklies. Only a pessimist would say the UK press's future looks anything but healthy for advertisers.

There are, however, pitfalls for both publishers and advertisers. While we of the latter must insure that value is achieved, we must also be sure not to devalue the product and create a commodity. After all, value is as much the "quality of the audience as the price paid." Similarly, the publisher should not solely rely on converting existing business to "more profitable color" but look to grow the advertising category from other areas, especially television.

Whatever the individual publisher's approach, we are assured that by mid-1988, if not before, the national press market will offer a tremendous new opportunity for those advertisers contemplating the use of either color or mono print in their UK advertising plans. ■

RESEARCH

Steve Sternberg

Vice president, manager of broadcast research,
Bozell, Jacobs, Kenyon & Eckhardt

VCRs: IMPACT AND IMPLICATIONS

For the past several years, Nielsen has included videocassette recorder (VCR) data, without simultaneous viewing, in its measurement of household ratings and usage. There has been considerable industry debate over this policy, due in part to Nielsen's own research that indicates:

- Roughly 70% of all recordings are not viewed while being taped.
- About 25% of these recordings are not played back.
- About 60% of recordings played back involve the use of fast-forward over commercials.

It should be noted, however, that this data is based on a special Nielsen diary — not the most precise measurement tool — and many feel that there is even a greater incidence of fast-forwarding than has been reported.

Chief concerns are that this produces rating losses and, consequently, higher commercial CPMs for advertisers.

Background. Nielsen's decision to include VCR recording in its household measurements came at a time when VCRs were in less than 10% of U.S. homes, and it was more a function of convenience than anything else. Few expected such a rapid growth in VCR sales. Indeed, two years ago, VCR penetration was at about 30%, and most industry experts expected it to reach 50% in 1990, at the earliest. Well, according to Nielsen, VCR penetration has hit 50%, and we expect it to approach 70% by 1990 (see below).

For the past few years, several ad-

CHART I
VCR PENETRATION TREND
(FALL OF EACH YEAR)

1980	2%
1981	4%
1982	6%
1983	11%
1984	17%
1985	29%
1986	41%
1987	50%
1988 (projected)	[illegible]
1989 (projected)	60%
1990 (projected)	[illegible]

Source: A.C. Nielsen (1980-1987); BJK&E estimates (1988-1990)

CHICAGO'S "OTHER PAPER" HAS BECOME ~~"OTHER~~ PAPER."

	CHICAGO SUN-TIMES	CHICAGO TRIBUNE
Total Adults	1,956,900	1,760,600
Total Men	1,067,400	849,900
Total Working Women	570,400	514,000
Adults 18-34	830,800	567,100
Adults 35-49	501,000	497,200
Household Income $25,000 & Over	1,236,500	1,203,000

Source: Simmons, ADI Daily Audiences, 1987

Chicago Sun-Times

vertisers and agencies have been calling on Nielsen to discontinue including VCR recording in its household measurements, claiming that they are paying for too many viewers who are not exposed to their commercials, and that these taped ratings represent little or no value to advertisers.

The networks, on the other hand, maintain that VCRs create new viewers who otherwise may not have watched the program and that these additional ratings represent real viewers with just as much opportunity to see the commercials as the live audience, who, instead of fast-forwarding, often zap commercials or leave the room during the commercial.

Both the advertiser and network positions are understandable, but both, of course, miss the point. If you include VCR recording, you are undoubtedly attributing some viewing where it doesn't exist; if you delete VCR recording, you are omitting some real viewers.

The obvious solution is measuring actual playback activity.

Measuring the VCR audience. In September 1988, Nielsen will have its playback-measurement technology in place (AGB's is slated for September 1987), and only then will we be able to assess the impact of VCRs on persons viewing and answer these important questions:

- How much of the recorded material is played back, and how long after the original telecast is it viewed?
- How does the playback audience differ from the live audience?
- What percentage of commercials are fast-forwarded?
- What types of commercials are least likely to be "zipped"?
- Is the time-shifted viewer as valuable to advertisers as viewers of the original telecast?
- How much of VCR play time is due to tape rentals?

It should be recognized that while it is important to have household data for "VCR contribution to network ratings," advertisers and their agencies are more concerned with target groups of people. Such data is currently unavailable.

During the upcoming broadcast year, Nielsen will be using the controversial VCR ascription methodology to estimate VCR contribution for people. Ascription basically takes the percent difference between household ratings with VCR recording and household ratings without VCR recording and applies it uniformly across the board to all demographic segments.

> **BJK&E will not use Nielsen's ascribed VCR data in its negotiations with the networks.**

Bozell, Jacobs, Kenyon & Eckhardt has expressed its displeasure to Nielsen concerning VCR ascription. We see no reason to further muddy the already murky waters. It is reasonably clear, for example, that a female-oriented program such as *Knots Landing* has a greater percentage of female taped viewing than male, whereas the reverse is true for a male-oriented program such as *Crime Story*. VCR ascription erroneously allocates the same percentage of VCR playback for all demos, regardless of a particular program's audience skew, and assumes that playback mirrors live viewing.

In response to agency protests, Nielsen will be releasing "live viewing" reports concurrently with its regular ascribed pocketpieces, and pocketpiece tapes will contain both live and ascribed data. Nielsen is thereby taking the easy way out of the controversy and is leaving it up to the agencies and networks to negotiate over which to use. It is Bozell, Jacobs, Kenyon & Eckhardt's position that we will utilize the live-audience data in our negotiations with the networks.

With AGB planning to have VCR playback ratings this year, we should gain some insights into how best to utilize the data when Nielsen's is on line.

VCRs' impact on network ratings. While the amount of VCR contribution to network ratings, as reported by Niel-

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Chicago Sun-Times

sen, is currently minimal (about 2% or 3% on average), it should be noted that Nielsen's sample understates VCR ownership. The people-meter sample has brought this more in line with the real world, and as VCR penetration increases, VCR recording could have a more significant impact on network ratings.

Following is a look at some highlights from Nielsen's 1987 reports on VCR activity:

- On average, between 2% and 3% of prime-time program audiences for regular programs were attributed to VCRs.
- Between 70% and 80% of regularly scheduled prime-time programs had VCR contributions of 3% or less.
- Movies and soap operas represented the most commonly recorded programs; sitcoms were the least recorded.
- Prime time and Monday-Friday (M-F) daytime accounted for 70% of recording time — 39% and 31%, respectively — but only 40% of play time, which includes tape rentals (see Chart II for this and all following data).
- Prime-time recording is generally highest during November and February (sweep months), when the networks air their strongest programing, often competing with each other. But during the summer, when the networks air mostly repeats, M-F daytime has more recording time as the soaps continue their slow but steady pace.
- Early fringe only represented 4% of recording time but accounted for 15% of play time. This could be partly due to people recording daytime soaps and then watching them when they come home from work (focus groups have indicated that this may be the case).
- Late fringe was next in terms of play time with 11%. This is perhaps an indication that many are recording prime-time programs for viewing later that night.

CHART II
SHARE TREND OF VCR RECORDING AND PLAY TIME DISTRIBUTION BY DAYPART
(June 1986 - May 1987)

	Record	Play	Total VCR Activity
Early Morning (M-F, 6-10 a.m.)	2%	5%	4%
Daytime (M-F, 10 a.m.-4:30 p.m.)	31%	16%	24%
Early Fringe (M-F, 4:30-8 p.m.)	4%	15%	9%
Prime Time (M-Sun., 8-11 p.m.)	39%	27%	33%
Late Fringe (M-Sun., 11 p.m.-10 a.m.)	8%	11%	9%
M-Sun., 1-6 a.m.	6%	6%	6%
Sat./Sun., 6 a.m.-1 p.m.	3%	7%	5%
Sat. 1-8 p.m.	3%	7%	5%
Sun., 1-7 p.m.	4%	6%	5%
Total Day	**100%**	**100%**	**100%**

PRIME TIME
(Sept. 1986 - May 1987)

	Record	Play	Total VCR Activity
Monday	14%	12%	13%
Tuesday	14%	12%	13%
Wednesday	11%	12%	12%
Thursday	15%	12%	13%
Friday	14%	15%	15%
Saturday	11%	20%	15%
Sunday	21%	17%	19%
	100%	**100%**	**100%**

Source: A.C. Nielsen

- On a nightly basis, Sunday accounted for 21% of weekly recording, no doubt because of the three competing movies. Monday, Tuesday, Thursday and Friday were next, evenly distributed at about 14% each. Wednesday and Saturday had the least amount of recording, each with 11%.
- Saturday led the way with 20% of weekly play time, possibly much of it in tape rentals. Sunday and Friday were next with 17% and 15% respectively. The other nights were evenly distributed at 12% apiece.
- The most recorded regular prime-time programs, of those renewed, were generally younger, more urban-skewing programs (the top dozen in February were *ABC Monday Movie, ABC Sunday Movie, Crime Story, Miami Vice, Ohara, NBC Monday Movie, L.A. Law, Knots Landing, Disney Sunday Movie, Dallas, Dynasty* and *Cheers*).
- Returning programs that had the least amount of VCR contribution were mostly older, more rural-skewing (the bottom dozen were *60 Minutes, Our House, Facts of Life, 227, My Sister Sam, Kate & Allie, Highway to Heaven, Head of the Class, Perfect Strangers, Amen, The Bill Cosby Show* and *Newhart*).
- The above two points seem to validate studies that have shown VCRs to be used primarily by people under 40, and penetration is currently greatest in larger, urban markets. This should change as VCR ownership continues to expand to the rest of the country (contact Nielsen for DMA breakdown).
- Some daytime soaps had a greater percentage of VCR contribution than most prime-time programs, most notably *All My Children* and *Days of Our Lives*.
- In February, the average VCR household spent three hours, 32 minutes of recording time and four hours, 59 minutes of play time (including tape rentals) per week.
- In February, 49% of all recording was done while the tv was off, 33% with the set tuned to the same channel and 18% with the set tuned to a different channel.

- Network affiliates accounted for 72% of recording in February, with independents at 11%, pay services 9% and PBS and cable origination at 4% each. Network affiliates were the source of 76% all prime-time recording and 92% of all M-F daytime.

Considerations for the future. In programing:

- For time shifting to play a major role in program scheduling, there would have to be a large percentage of viewing while recording other stations (currently pegged at only about 20% of recording activity).
- Hit series, appealing primarily to different audiences (such as the female and older-skewing *Dallas* and the male and younger-skewing *Miami Vice*, which were virtually tied via the people meter last season) may be scheduled opposite one another more often.
- Hit programs may become less vulnerable to attack, thereby extending their runs.
- The idea of a strong lead-in creating a hit out of a weak series may diminish, since that time could be used for playback.
- There may be more first-run programing in the summer, since people could just tape a program if they're out of the house or even on vacation for a week or two.
- As playback increases in early fringe, Saturday morning and late night, the networks and local stations may be forced to more aggressively program these dayparts.

On commercials:

- Studies have indicated that highly entertaining commercials will cause many viewers to temporarily stop fast-forwarding.
- The only time we know that a person has his/her eyes on the commercial is when it's being fast-forwarded, so we're not necessarily losing the full impact. Perhaps something like keeping a recognizable logo on the screen is a partial solution.
- The shorter the commercial, the less probable will be its effectiveness during zipping.
- Advertising on prerecorded tapes seems like the next major commercial medium. It is essential that these ads be entertaining and preferable that they tie in to the movie that follows (e.g., Pepsi's much-discussed commercial on

If the shoe doesn't fit, would you wear it?

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Better Homes and Gardens, Ladies' Home Journal, Metropolitan Home, Successful Farming, Country Home, Midwest Living, Wood, Sail.

Special Interest Publications: Building Group, Furnishings Group, Crafts Group, Food Group, Lifestage Group.

the *Top Gun* video).

On potential benefits to advertisers:

- Highly recorded programs might present an added bonus to advertisers if they are played back more than once.
- Taped viewing is probably a more solitary activity than live viewing. Much taping probably takes place because the family wants to watch one thing and the individual something else. Viewers-per-set for taped viewing are likely to be lower than for live viewing. This could mean greater attentiveness, since not only are there fewer distractions, but it's a program the viewer selected and really wants to watch.

By the year 2000, 90% of the U.S. households could be VCR-equipped. Now is the time for advertisers and networks alike to consider how to deal with VCR recording.

VCRs are still in their infancy but have grown at a faster rate than color television or cable during their beginnings. Only television itself has grown at a faster rate than VCRs. Unencumbered by some of the obstacles facing cable penetration in large urban areas, we believe that by the year 2000, over 90% of U.S. households could have at least one VCR.

We also know that VCR usage changes with length of ownership. After the initial novelty wears off, and the backlog of movies we've always wanted to see is exhausted, people tend to settle in to more time-shifted viewing.

While this currently does not have a significant effect on ratings, its impact will undoubtedly increase with each passing year. Now is the time for advertisers and networks alike to consider how to deal with VCR recording. ■

Would you buy a suit that doesn't fit?

Then why pay for coverage that needs tailoring?

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BRAND REPORT

No. 148: Skin-Care Treatment Products

VANITIE$

by Phyllis Fine and Margaret Vogel

Facial skin-care products — and ads — have come a long way from the innocent days of "She's engaged! She's lovely! She uses Pond's!"

With companies spending millions on research and development, products have gotten more sophisticated and, reportedly, more effective. And the sell is heavy on the wonders of science — particularly for the newest category of "anti-aging" products. Ads are full of catchy phrases like, "Penetrates the skin's inter-cellular levels with advanced microcarriers" and "Helps restructurize the deepest epidermal layers." Today, "She's lovely — and

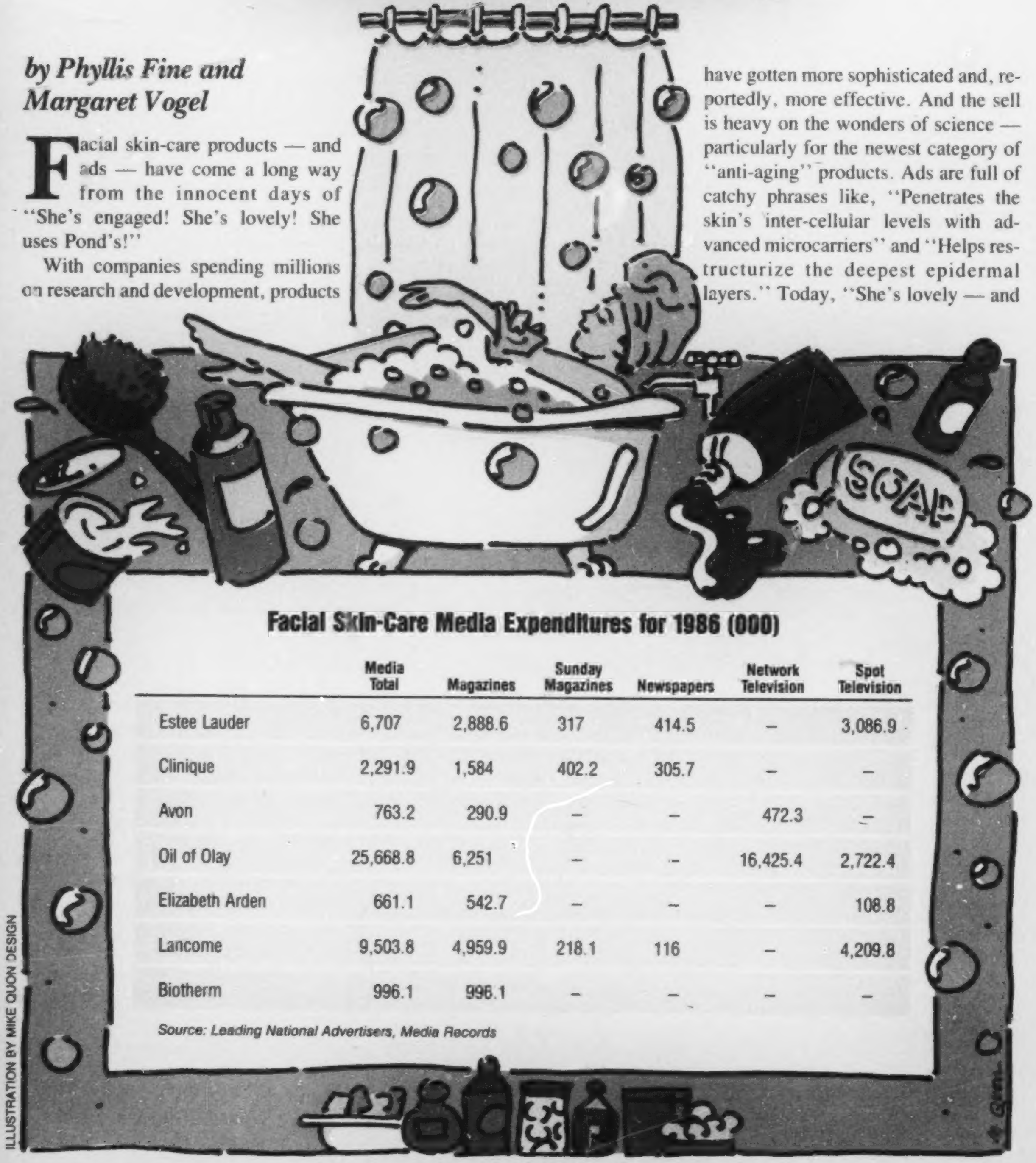

ILLUSTRATION BY MIKE QUON DESIGN

Facial Skin-Care Media Expenditures for 1986 (000)

	Media Total	Magazines	Sunday Magazines	Newspapers	Network Television	Spot Television
Estee Lauder	6,707	2,888.6	317	414.5	–	3,086.9
Clinique	2,291.9	1,584	402.2	305.7	–	–
Avon	763.2	290.9	–	–	472.3	–
Oil of Olay	25,668.8	6,251	–	–	16,425.4	2,722.4
Elizabeth Arden	661.1	542.7	–	–	–	108.8
Lancome	9,503.8	4,959.9	218.1	116	–	4,209.8
Biotherm	996.1	996.1	–	–	–	–

Source: Leading National Advertisers, Media Records she has a Ph.D. in biochemistry" might be more to the point.

This scientific positioning has helped stimulate healthy sales: over $2 billion in 1986, according to market research firm C.H. Kline.

This year, "Unit sales are up, though there's far from double-digit growth," reports Nancy Hall, vice president, Smith, Barney, Harris & Upham. Kline predicts annual growth through 1991 at slightly above 7% for the total U.S. skin-care market, with projections for the moisturizer category alone set at 8%.

In-store, specific Lauder products are anchors for full-line pitches.

It's not just the scientific pitch that has helped to build strong business. That demographic cliché, the baby boomer, has been aging and noticing signs of her maturity in the mirror: fine lines, crow's feet, sagging skin. The long-term fitness boom, with its emphasis on taking care of oneself, has also fueled product interest. Too, with more and more women in the workforce, there's an emphasis on looking good — and looking young.

(Not to be sexist about it, men want to look young, too. Sales of men's skin-care products, tracked at an estimated $28 million for 1987 by market research firm FIND/SVP, are growing at a rate of about 5% annually. But men's and women's skin care are two distinct and separate markets — except for the crossover group, identified by industry experts as men who use their wives' or girlfriends' moisturizer regardless of which brand's in the medicine cabinet.)

Both baby boomers and working women have the discretionary income to spend on skin-care products. And discretionary income is exactly what's needed. Most of the best-selling brands don't come cheap; an average price is about $35 to $40 for less than an ounce of product.

As befits their price range, the best-selling lines are sold mostly in department and specialty stores. According to C.H. Kline, these upscale outlets account for over half — from 50% to 60% — of facial product sales, with mass outlets (including such direct marketers as Avon and Mary Kay) handling the remainder of business.

Actually, notes Smith, Barney's Hall, for several years there's been a real lack of skin-care products available in mass retail outlets. Sales there have been dominated by a very few lines, most notably Richardson-Vicks' Oil of Olay and Almay, now owned by Revlon. Companies setting out to fill the gap include Colgate-Palmolive, with Lournay, a new line for sensitive skin due in January; Noxell, planning a launch soon; and Beiersdorf, which recently added Visage to its Nivea line.

One reason for the hole in mass-market retail was the absence of individualized in-store service. The new generation of skin-care products often has a complicated story to tell. Mass marketers had to depend on advertising

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or label copy to get the application message across, so easy-to-use products such as Oil of Olay did well.

Conversely, the helpful, trained department store salesperson acts as a guide to the complications of today's scientific wonder products. ("What's a revitalizer? Is it different from a restorative cream?" one might murmur in despair at the softly-lit counter). Sometimes, the prerequisite for Advanced Skin Care 101 goes beyond a degree in biochemistry to a working knowledge of French. At least one line gives its products French names only. (What's a *Masque Raffermisante*, guys? *Habla Espanõl*, anyone?)

Since making a skin-care purchase can be such serious business, it's no wonder that "women tend to be far more brand loyal" to this product category than to other cosmetics items, notes Tony Michaels, Lancome's vice president of sales and marketing. And according to a 1986 poll of *Cosmopolitan* magazine's Consumer Panel done by Beta Research, "Reliance on brand [for moisturizers] goes up as personal income increases."

Single-purpose products with a science sell help to simplify the marketing of some of the skin-care lines.

Another way of simplifying the consumer's purchase decision is the recent trend toward marketing and advertising single-purpose items, instead of pushing a total skin-care regimen. This trend works, says Leonard Ichton, divisional merchandise manager for cosmetics at Filene's, Boston, since "single-item treatment products are easy to understand and more consumer-directed than regimens." The recent launches of such items as Lauder's Eyzone, Lancome's Niosome and Dior's Capture have caught the consumer's interest and built solid sales, adds Ichton.

Marketing of these new single-item products again focuses on the high-tech science sell. However, this dependence on scientific claims now has its downside: intervention from the Food and Drug Administration (FDA). Last spring, the FDA challenged the product claims of 23 skin care marketers (see "On The Docket," pg 148). At issue is not product effectiveness, but whether the language used on labels and in promotional materials goes beyond the realm of cosmetic claims into drug claims. The difference — cosmetics are supposed to affect the skin on a surface level only, while drugs can affect skin's structure or function. Thus, for the FDA, words like "moisturizing," "smoothing" and "softening" were legitimate cosmetic claims. But promises of "cellular renewal," "regeneration," and "restructuring" were deemed out of bounds.

This is more than a semantic exercise for skin-care marketers. The reclassification of cosmetic products into over-the-counter drugs would mean expensive years of testing, since government regulations are much stricter for the drug category.

Even though a final ruling has yet to be handed down, it is likely that the cosmetics industry will modify its product claims. But the outcome is bound to affect the direction of product advertising for years to come.

One of the first targets of the FDA crackdown was Glycel, which soon became its first casualty as well. The line was introduced with a tremendous amount of hoopla in 1986, including an ad campaign with noted heart surgeon Christiaan Barnard as spokesperson. Glycel tracked record sales of $15 million in its first year. But its high visibility backfired almost at once, resulting in FDA and Federal Trade Commission investigations, stockholder lawsuits and criticism of Barnard's medical image being used for promotion. Alfin Fragrances, distributors of Glycel and two other skin-care lines, abruptly backed out of the skin-care business altogether in July.

There were also more prosaic mar-

I cannot cover Orange County with an L.A. newspaper!
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keting reasons for Glycel's fall from grace. According to independent industry consultant Allan Mottus, the brand took off so quickly, the company decided it didn't need to invest in training or retail promotion. This lack of follow-through killed the brand's initial momentum.

The ultimate lesson from Glycel's fall reflects the state of the cosmetics industry as a whole: no get-rich-quick dollars here. More than ever, marketing skin care requires lots of money and extensive manpower. All the top-selling skin-care lines profiled are backed by large, powerful corporate entities. Some of these corporate alliances are fairly recent — Procter & Gamble bought Richardson-Vicks in 1985 and Fabergé just acquired Elizabeth Arden. But the huge corporate face, as in many industries, seems to be the wave of the future. Revlon, for example, which has been gobbling at least one smaller company a year since its purchase by Pantry Pride in 1985, this year bought two second-string companies known for their skin-care products — Charles of the Ritz and Germaine Monteil.

More than ever, marketing skin-care products means lots of money and manpower; in other words, big business.

Advertisers spent $141.6 million on this product category (facial cleansers, make-up removers, creams, lotions, oils, according to LNA) last year, a slight drop from $144.6 million the year before. Print is a major factor, with a combined total of $71.9 million for both magazines and newspaper supplements. Advertisers have been depending on copy-intensive ads to get scientific claims across. According to Publishers Information Bureau figures, *Vogue* was the top-selling book in the skin-care category in 1986 — not surprising, considering its upscale positioning.

The best-selling brands in this report were chosen by their ranking by manufacturers' wholesale dollars, as tracked by C.H. Kline. Since total figures were taken into account, both class and mass brands were included. The Goldman Sachs survey of department-store buyers provided a cross-check to Kline's figures on class brands, and the findings matched: buyers ranked Lauder, Clinique, Lancome and Arden as bestsellers at retail, too. According to the survey, these brands' top "rankings have been unchanged for the past several surveys, pointing out the highly concentrated nature of the prestige treatment market."

ESTEE LAUDER

It would be difficult, if not impossible, to talk about the leaders in skin care in the 1980s without talking about Estee Lauder. Lauder has been recognized as the number-one skin-care seller and undisputed innovator year after year. Industry wise-cracks often focus on the "Follow the Lauder" mentality of many skin-care companies, from mass to class, who knock off the company's products. It's hard to blame them. Since the introduction of Night Repair in 1982, Estee Lauder has introduced one best-selling treatment product after another. Over $100 million of Lauder's wholesale dollars now come from this group of specialty products.

Dianne Osborne, vice president of marketing for skin-treatment products, credits tremendous research and development (R&D) for the company's winning streak. "Years ago, marketing people could sit and dream up the next type of skin-care product to be promoted. Now, however, the innovations are coming from very serious efforts in R&D, and we are reaping the benefits."

Helping Lauder sell skin care born out of the laboratory instead of the marketing department is a host of women's magazines giving more sophisticated coverage to the complex and often

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CLINIQUE
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CLINIQUE

Clinique associates its products with people's daily personal routines.

medically technical story of skin care in the '80s, according to Osborne. Lauder uses all the major beauty books extensively to tell its skin-care story. For example, a typical Lauder print plan for Eyzone, its most recently launched product, calls for magazines like *Vogue*, *Harper's Bazaar*, *Self* and *Mademoiselle*. Television is used too, but its schedule varies since it's always tied to a store in the area.

In-store, Lauder makes extensive use of clinics. While they may use a specific product as a hook — such as the recently-launched Eyzone — clinics stress "total treatment" and usually include a skin-care analysis encompassing the full line of products.

In Lauder's current print campaign for Eyzone and Night Repair, two-page spreads combine a black-and-white photo of a woman with a color shot of the products themselves. The focus on products highlights their common hook: unusual formulas and delivery systems. Night Repair is put on with an eyedropper, while Eyzone, unlike most milky colored eye creams, is a gel with "opalescent strands" suspended in it. It is these first-of-their-kind presentations that make the products stand out in consumers' minds, Osborne contends, regardless of how many imitators may follow.

CLINIQUE

"You don't mess with success. If you do, you're nuts." That's Allan Mottus on Clinique's marketing consistency, which has led to amazing longevity as a bestseller. The Estee Lauder division sells about $100 million of skin-care products at wholesale prices annually. With its famous "Twice a Day" ads, which equate using Clinique and brushing one's teeth, "they've been selling skin care as part of daily hygiene, and never deviating," says Mottus. "[It's been something like] 13 years with the same campaign."

Clinique combines both regimen and single-item marketing in its ad campaign, created by AC&R Advertising. The "Twice a Day" color spread, which pushes the company's basic regimen of soap, toner and moisturizer, is reinforced by black-and-white single page ads which focus on the benefits of newer items as they are introduced. Magazines include *Self, Glamour, Vogue* and the *New York Times Magazine*. According to Leading National Advertisers, the company spent no money in tv in 1985 and 1986.

Department stores have separate Lauder and Clinique counters, and many people do not even know of the connection between them. With its simplified regimen approach and comparatively moderate price points ($8.50-$13.50 for the three-step regimen, up to around $38.50 for more sophisticated products), Clinique generally attracts the younger consumer who is just beginning to haunt department-store counters, according to

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*Source: CACI Demographic Services

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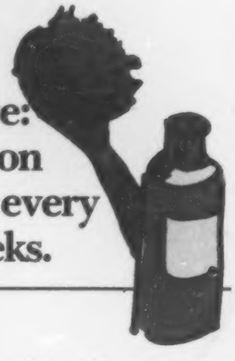
Smith, Barney's Nancy Hall.

Clinique was begun as a hypoallergenic line, with salespeople wearing white lab coats to "imply clean laboratory conditions," according to Estee Lauder in her autobiography, *Estee, A Success Story*. However, its appeal quickly broadened to a more general consumer base. Today, while the black-and-white print ads do say "Allergy Tested" and "100% Fragrance Free," Clinique's hypoallergenic stance in its ads is fairly muted.

At the retail level, Clinique uses the standard Lauder promotional technique of gift-with-purchase — an effective strategy for sampling and increasing in-store traffic. The company also does cross-merchandising.

Avon's in-house brochure for its products goes to a big audience: 15 million women every two weeks.



AVON

While most of the big guns in skin treatment are aiming their marketing efforts at department stores, who's minding the mass market? At least one heavy hitter: Avon. It is estimated that the doorbell-ringing company has rung up $70 million to $80 million in sales for the specialized treatment group of products. And because of its tradition of door-to-door selling, Avon has been able to do what few other mass-market brands have done — combine moderate prices with the service offered in department stores.

Key to this service is the "Avon Lady" herself, who for more than 100 years has provided the ultimate in one-to-one attention — she comes to the customer directly. "Skin-care products are often complicated," says Katherine Dwyer, Avon's group product director for skin care in the U.S. "Products sitting on drugstore shelves can't do the same educational job our representatives can."

But with women in the workforce in droves, Avon has established a group of reps who make office calls. At work, the Avon representative can just leave her brochure on a desk and let it do the talking. Avon's brochure is the cornerstone of its marketing strategy, working as both a selling floor and an advertising forum. Created in-house and published 26 times a year, the brochure reaches a remarkably high target audience: 15 million women every two weeks.

In 1986 the company began its first move into the more sophisticated realm of skin-care with BioAdvance, an anti-aging moisturizer. Its launch cost more than other single product in Avon's 100-year history ($2 million). In the first nine months on the market, Avon representatives sold more than $12 million worth of the product.

On the side, Avon may dabble a bit in print advertising when there's an important breakthrough product to talk about, like BioAdvance, but has cut back even here recently. According to LNA, Avon's total skin-care expenditures plunged from its 1985 level of $5.5 million for skin creams and lotions to $763,000 in 1986. BioAdvance, which was advertised only in magazines, accounted for $290,900 of the company's skin-care total. Avon uses N W Ayer for most of its advertising, while Uniworld handles Avon's advertising to the ethnic market.

OIL OF OLAY

Richardson-Vick's Oil of Olay is different from other best-sellers in two ways. It's the only one sold at mass-market retail outlets such as drugstores, and its marketing and advertising have shied away from the highly technical "anti-aging" claims.

Oil of Olay uses many magazines to reach "women of all ages."

Its currently-launched campaign, with the theme, "I'm not going to grow old gracefully," continues the "feeling of woman-to-woman sharing" that is key to Olay ads, says a company spokesperson. The print ads feature close-up shots of five different women; tv commercials show two, each "speaking directly into the camera about her feelings and experiences."

The campaign — which according to Mottus is "the best one around today" — includes five pages of print placement, along with a prime-time tv schedule. Since Olay is after women from a wide age and income group, the company uses magazines ranging from the service-oriented "Seven Sisters," to *Cosmopolitan*, to *Self*, *Glamour* and *Vogue*.

Such an aggressive advertising move may have been stimulated by the company's reported slippage of market share. But Richardson-Vicks has always spent big in promoting Olay — especially since its acquisition by P&G.

Estimates on the company's volume of business in the treatment field vary dramatically. Some put it around $50 million, others peg it at $100 million. Its 1986 $25.6 million figure for ad expenditures, while a drop from the 1985 figure ($29.8 million), was still the largest in the total category.

The company also recently changed its package for a "softer, more upscale look." The formerly solid pink carton is now enlivened by a "subtle, tone-on-tone grey pinstripe."

Borrowing traditional department-store tactics, Richardson-Vick's did some give-away sampling when it introduced Oil of Olay's line extensions: Olay Beauty Cream, in 1985, followed by a group of cleansing products, Olay

Beauty Bar and Beauty Cleanser. Night of Olay was the first extension, introduced in 1978. A check of several outlets in the New York area revealed a range of prices from from around $3 to $16.

Advertising has been handled by Wells, Rich, Greene since 1986. Prior to the company's acquisition by Procter & Gamble in 1985, Young & Rubicam was Olay's agency.

ELIZABETH ARDEN

Fabergé's very recent purchase of Elizabeth Arden from pharmaceutical house Eli Lilly (closing date was reportedly November 10) may well be a turning point in the course of Arden's advertising and marketing strategies.

Industry speculation on what will happen to Arden and its $50 million worth of treatment business under new owners has centered around the character of Fabergé's chairman and CEO Daniel Manella. His reputation as a bottom-line performer was bolstered by a recent speech he made before the trade group Cosmetic Executive Women. Without revealing too many specifics, Manella said his plans for Arden will focus on increasing profitability, staying in full charge of the "back office" financial functions while the Arden staff makes its own marketing decisions.

But Manella may very well make some marketing decisions himself. Noting that "you have to spend money to make money," Manella said that he plans to increase ad expenditures "immediately," bringing in "one or two ad agencies." (The company's advertising is currently in-house.)

As of last year, about 80% of the company's $661,000 ad budget went for print advertising in such vehicles as *Vogue* and *Glamour*. Most of its print ads had a regional retailer tag.

But even though new chief Manella promised more for ads, he also has been stressing cost efficiencies. In that same talk, he discussed his role in Fabergé's 1984 acquisition by MacGregor Industries, and how he eliminated brands and cut operating costs. So, as a spokeswoman noted, one of the expected changes at Arden will be a trimming of various product lines — including skin care. Currently, there are six lines, with price points that range from around $20 to $65.

Results. Not Miracles.
VISIBLE DIFFERENCE
No one can promise you miracles. But Visible Difference does promise you proven results:
smoother, softer, more resilient skin
fewer, less noticeable facial lines
a renewed radiance and youthful glow
And now, there is a new Visible Difference Lotion as effective as the creme. With the added protection of sunscreen
VISIBLE DIFFERENCE
The Difference is Visible. It's That Simple.
Saks Fifth Avenue
Elizabeth Arden

Fabergé's Manella will up ad expenditures for Arden "immediately."

Traditionally, Arden was a low-profile company with a reputation for fine skin-care products. The category was advertised little, but its slightly older customers were loyal enough to make Arden a top seller year after year, according to the Goldman Sachs survey of department-store buyers.

Arden veered off this staid course a bit in 1983, when Lip-Fix, a specialty skin-care item designed to make lipstick application neater, became a runaway success, spawning many mass-market imitations. Though the larger upscale skin care companies never di-

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TourBook
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rectly copied the product, the marketing strategy behind Lip-Fix — promoting a single product that addresses a very specific skin-care need — became standard in the industry. Arden did increase its ad budget during the years of the Lip-Fix craze, according to one source, even branching out into spot radio.

A recent print ad for one of the company's best-selling lines, Visible Difference, had the headline "Results, Not Miracles" and focused on product benefits, "proven results" that were not as high-tech as many of the other lines.

FORTÉ-VITAL
LANCÔME
PARIS

Lancome's French connection gives its line a certain cachet.

LANCOME

Lancome is one of the strongest divisions of international beauty power Cosmair, and over the past few years, it has become a major force in treatment products. So strongly does Cosmair believe in specialty treatment products that, in 1985, it began a new U.S. division, Biotherm, with products both in body treatment (for smoothing skin below the neck) as well as facial skin care. Together, the two divisions have about $50 million in treatment sales, with Lancome holding the lion's share of sales.

Lancome's "French cachet" (product names on the packages are printed in both French and English) has been a strong factor in the brand's success, according to Tony Michaels, vice president of marketing and advertising. The company built on this allure by "learning how to translate French products to the American market," gearing them to the U.S. lifestyle. For example, a moisturizer such as TransHydrix is marketed not only as a moisturizer but as protection against what air travel, heat, air conditioning and pollution do to the skin.

The print ad campaign, created by the agency Intermarco Advertising, zeroes in on the benefits of a single product for each separate ad. The "result is what pops first from an ad," says Michaels, such as the "Down with Puffiness" head for Forte-Vital Eye Creme. Skin-care ads are always in black and white, while color cosmetics are in color. Actress Isabella Rossellini appears in each ad as an unidentified face.

The current print schedule includes "all major fashion and beauty books," including *Vogue* and *Harper's Bazaar*, along with such upscale lifestyle books as *House and Garden* and *Vanity Fair*. Co-op tv ads are done regionally.

℞ for high OTC cpm.

The Saturday Evening Post reaches users of OTC remedies more efficiently than *Prevention, American Health* and *Health*. If you're battling for a larger market share for OTC products, the *Post* is just what the doctor ordered. Now, doesn't that make you feel better?

Los Angeles (818) 992-0366
San Francisco (415) 930-9900
New York (212) 371-0400

Miami (305) 592-0044
Indianapolis (317) 636-8881
Atlanta (404) 252-4567

THE SATURDAY EVENING POST

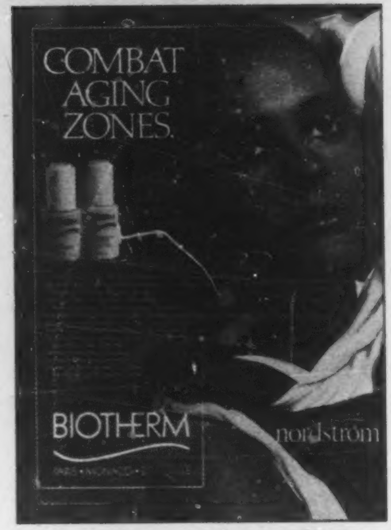
Source: MRI Spring 1987

Like many prestige brands, Lancome places great importance on training its counter reps. Salespeople are trained to sell by priority needs, gearing the "pitch to what the customer says she needs first. If she comes in complaining about little crow's feet, we have a product that addresses that problem," says Michaels. Salespeople are expected to build a base for eventually selling a complete regimen.

Often the company will hold in-store clinics off the cosmetics floor, where customers can "get a mini-facial." Promotional gifts-with-purchase are a "healthy mix of skin care and makeup, so the consumer can sample."

BIOTHERM

One of Cosmair's big success stories in the treatment field is being written by Biotherm, a long-standing French brand first launched in the U.S. in 1985. "Our original thrust was the body-care market [creams and lotions that smooth the skin below the neck], but we've slowly been developing a strong franchise in skin care as well," notes Biotherm's vice president of marketing and advertising, Margaret Sharkey Kelly. To further develop its skin-care segment, the company plans to launch more facial products in 1988.



Biotherm stays in glamour books to hit the 30- to 45-year-old woman.

The print ad campaign, created by Geers, Gross, is "very factual," says Kelly. "We've kept copy short and to the point," with blue and white visuals tied to the look of the packaging and the department store counter. Initial spending was not high — $996,100 for 1986, according to Leading National Advertisers. "Since we're a young company, we don't have a very developed media plan. We concentrate on advertising our key products in the major beauty books — *Glamour, Vogue, Elle, Harper's Bazaar*" — to target the company's strongest consumer base, women between 30 and 45. Also on the schedule is the premiere issue of *Lear's*. Currently the company does no tv advertising.

According to Kelly, "What's most essential at this point is what goes on in-store between the beauty advisor and customer." As part of its plan to "develop personal rapport with customers," Biotherm has developed a consumer club, Centre Biotherm. Women can sign up for the club at the counter without making a purchase and get a newsletter, the chance to get free products after six purchases and discounts on such items as *American Health* magazine's fitness video. ■

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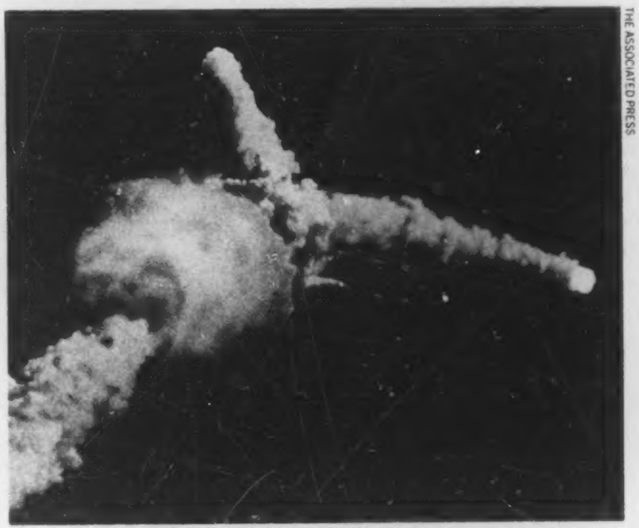


NASA was warned that O-rings could not withstand freezing temperatures.

If the press didn't tell us, who would?

To get printed information on the role of a free press and how it protects your rights, or to discuss any free press issue, call the First Amendment Center at 1-800-542-1600.

Ad Council

A public service message of The Ad Council and The Society of Professional Journalists.

POINT/COUNTERPOINT

LEARNING VS. WISDOM

STEP BY STEP

The edge. That extra feature that makes something better. The toothpaste that cleans your teeth — and freshens your breath. The deodorant that stops wetness — for two days. The cereal that tastes good — and may prevent cancer.

These are products that offer something more for your money, or perhaps more for *more* money. They are perceived as "better" than Brand X, Y or Z and are perceived as having the competitive edge.

This competition isn't limited to the supermarket shelf. In almost all aspects of our lives, we seek to be and obtain the best, including in our careers. So what is our edge in climbing that ladder? Certainly experience, technical skills and management ability all count. But these develop *as* we climb upward. However, one of the first "rungs" will also have tremendous influence over the rest of our careers: education.

Fifty years ago, the workforce was coming out of a depression. Few could find a job, let alone attend college to prepare for one. After World War II, an amazing phenomenon occurred: college education for the masses, not just the privileged. The G.I. Bill made the bachelor's degree easily obtainable. In addition, we became "career mobile." Getting the gold watch after 40 years of service was no longer the ultimate pot of gold. We realized that another company might be willing to pay a little extra for our skills.

Today? The advanced degree will help to ensure our competitive edge.

I'm not opposing the liberal-arts degree. Its merits are many: exposure to a broad range of subject matter and ideas, challenging one to see multiple dimensions of an issue and teaching one to think. But this macro view, as much as it contributes to the total person, must be supplemented by a more specific education.

The advanced degree provides several advantages. First, it exposes one to the specific subject matter in a safe environment. Although a case study may involve decisions affecting millions of dollars and thousands of employees, it's theoretical. There's no real risk other than the grade to be earned. Without this type of "role play," an individual is thrust into work situations not of the same magnitude but nevertheless real. The ability to analyze, assess, conclude and recommend is best practiced in the classroom first and the office second.

Also, the classroom environment is more conducive to objectivity than the more political workplace. Let differing views be expressed without fear of being called insubordinate or malcontent. Let the many sides of a problem or the risks of an opportunity be explored, so the individual will know that the right answer isn't always yes.

Finally, our business world is becoming more focused and more aggressive. The "up or out" philosophy has become mandatory as companies downsize, consolidating both operations and positions to improve profits and efficiencies. Employers can no longer afford to train an employee to eventually become a contributor. The contribution must be there *now*.

The advanced or specialized degree means the employee will be able to perform certain tasks, understand specific concepts and therefore contribute immediately.

Certainly, the ultimate competition for any of us is achievement and progress over time. Many factors — interpersonal skills, creativity, intelligence, technical competence — will be judged. But when adding up the final score, the points for education may push the winner over the edge.

Barbara Provus is a founder and principal of Sweeney Shepherd, a retainer, senior-level search firm headquartered in Chicago.

OUR READERS TELL US . . .

Research USA, Chicago, recently polled readers on their attitudes towards education. (Base = 104 unless specified.)

1. In hiring, which do you feel is more attractive in a prospective employee?

A liberal-arts education	50.0%
A more specific education	49.0%
No answer	1.0%

2. Are the starting salaries the same within your department for both types of candidates?

Yes	70.2
No	29.8

If "no," which commands a high salary? (Base = 31.)

Liberal-arts education	—
Discipline-specific education	100.0

3. For which of the following po tions do you have hiring authori (Check all that apply.)

Marketing	91.
Finance	6.
Advertising	67.
Communications	33.
Management	36.
Other	19.

POLL

DAY BY DAY

"Success is a journey, not a destination," said Mike Carr, *Playboy*'s vice president/advertising director, when we were discussing his search for a new marketing director earlier this year. In my opinion, putting MBA after one's name is just one of the stops along a career track.

Dr. Jeanne M. Lynch, associate professor of managerial policy and organization at Rensselaer Polytechnic Institute's School of Management, who also spent over 20 years outside academia in the real world of business, made a similar point when we discussed this column. "Training, as in getting an MBA, is designed to earn," she said. "Education is meant to learn. And you must learn all your life."

Today, professionals must be generalists with some area of specialization gained early on at the *workplace*, rather than through postgraduate education. Simply stated, whether it's a job assignment to find a "new breed" media director or an agency account director or even a space salesman, the specs call for people who have a broad-based education (i.e., liberal arts), a broad perspective and selectively gained practical skills.

The *New York Times* "Careers" columnist Elizabeth Fowler found support for my point of view. In her first column of 1987, her most significant quote came from Professor G.C. Parker of Stanford's Graduate School of Business. He said, "Well prepared managers of the next generation will simply need more than the nation's schools of business can provide. Those needs can best be addressed in the liberal arts. In the next century," he continued, "managers must understand foreign cultures, languages, politics *and* business practices."

In my conversation with Dr. Lynch of Rensselaer, she noted, "Liberal arts provide not only an education in philosophy and the social sciences, but all important, education in thinking — logic — and also very importantly, rhetoric."

4. How important is a master's degree in business administration (MBA) in weighing a candidate's credentials?

Required	3.8%
Very important	15.4%
Somewhat important	51.0%
Not very important	20.2%
Not at all important	9.6%

5. Do you encourage your employees to pursue MBAs?

Yes	61.5%
No	38.5%

If "yes," does your company help finance this education? (Base = 64.)

Yes	92.1%
No	6.3%
No answer	1.6%

6. Does a candidate with an MBA command a higher starting salary?

Yes	65.4%
No	32.7%
No answer	1.9%

If "yes," what is the premium paid for an MBA candidate? (Base = 68.)

$1,000 to $5,000 a year	45.5%
$6,000 to $10,000 a year	33.8%
$11,000 to $15,000 a year	7.4%
$16,000 to $20,000 a year	1.5%
Over $20,000 a year	—%
No answer	11.8%

7. Do you have an MBA?

Yes	42.3%
No	56.7%
No answer	1.0%

Fowler's column contained similar comments from leading educators, backed by reports from Fortune 100 company managements.

As this column is written, the worldwide securities markets have been in a downward tizzy resulting in severe down-sizing, particularly among the MBA contingent that headed to Wall Street, where their heavily financially focused training could gain them six-figure earnings before they reached their 30s. With over 65,000 MBA graduates each year, these people are going to have difficulties finding other employment. Alternative career routes, suggested by several classy "retainer" recruiters in Fowler's column of October 20, 1987, were accounting and insurance firms and becoming a CPA. None of these alternatives offer great compensation levels, challenges or ego gratification.

From what I hear and read every day, we are on the forefront of a new era in business: the opening of the American mind, when a B.A. with a Liberal Arts major and an Economics minor with a high GPA will be far more valuable on a career track than a narrowly focused MBA from less than a Class A graduate business school.

Mike Carr, by the way, wanted an all-purpose marketing director. After a three-month search, one was found who had worked in the magazine field and in broadcast promotion as well. That young lady has a bachelor of arts degree from Skidmore, a college noted for its liberal-arts focus, but her major was in business.

Roger C. Bumstead is vice president and head of media sales and services and research divisions of Jerry Fields Associates, an executive recruitment firm serving the advertising community.

ECONOMIC EYE

CBS EYES 1990

Television Information Office reports that CBS/Broadcast Group is predicting a combined 70% prime-time share for the Big Three networks by 1990. That's a three-point drop from the past tv year and a 12-point drop from 1980. Nets lost an additional eight points in 1970-1980 period.

MAGAZINE AD SCORECARD	Ad Pages Oct. 1987	% change from Oct. 1986	Dollars spent (000)	% change from Oct. 1986
1. Skin Care, Creams, Lotions and Oils	206.28	+3.3%	$ 6,933.2	+12.0%
2. Lip and Eye Beauty Products	124.66	+2.7	4,751.5	+19.6
3. Scents and Fragrances	202.94	-7.2	5,860.3	-2.5
4. Facial Makeup Products	127.06	+24.3	4,508.2	+17.8
5. Prepared Dinners and Entrees (including Pizza)	30.03	-60.0	2,337.1	-47.6
6. Liquor	417.69	+1.6	10,449.7	+12.4
7. Cigarettes	592.32	-3.2	31,092.6	-1.0
8. Soaps and Detergents	57.08	-6.7	3,462.3	-11.1
9. Passenger Cars, Domestic	320.65	-21.6	21,325.9	+1.8
10. Passenger Cars, Imported	338.12	+14.3	18,083.6	+16.5

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100

1987

	Jan.	% change	Feb.	% change	Mar.	% change	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change
Network TV																
Daytime	92	-9	86	-9	88	-8	92	-6	92	-6	95	-1	98	-5	85	-11
Nighttime	106	+0	105	+8	112	+7	99	+8	110	+6	112	+3	109	+2	113	+5
Spot TV																
Prime time	129	+7	133	+11	131	+13	134	+16	136	+14	130	+9	–	–	–	–
Daytime	130	+5	108	-0	108	-0	116	+11	118	+8	104	-1	–	–	–	–
Network radio	139	+14	130	+12	126	+11	116	+4	116	+2	114	-1	102	-0	104	-1
Spot radio	←	—	101	-1	—	→	←	—	98	+3	—	→	–	–	–	–
Consumer magazines	109	+4	109	+3	110	+4	109	+3	109	+3	109	+3	109	+3	109	+3
Nat'l. Sunday mags	103	+11	103	+11	103	+11	103	+11	103	+11	103	+7	103	+7	113	+7
Business publications	111	+5	111	+5	111	+5	111	+5	111	+5	111	+5	111	+5	111	+5
Newspapers	116	+8	116	+8	116	+8	116	+[illegible]	116	+8	116	+7	115	+7	115	+7
Outdoor	111	+6	111	+6	111	+6	114	+6	114	+6	114	+6	114	+6	114	+6

Notes: Percentage shown is relative change from the same month/period the year before.

1985 = 100

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3
1/14/88

MARKETING & MEDIA DECISIONS

JANUARY 1988 • $4.00

HELP WANTED

Both clients and candidates consider media recruiters more a necessary evil than a resource. So who's going to help fill that long-empty chair? Tales from the head-hunter wars.

WALL STREET'S CRASH COURSE

WINNING WITH GAME SHOWS

BRAND REPORT: PERSONAL COMPUTERS

************ 5-DIGIT 20814
0711 00161861 41 93 000000
GREG CHRIS B182
CONGRESSIONAL INF SVC - B001
4520 EAST-WEST HWY #800
BETHSEDA MD 20814

MARKETING & MEDIA DECISIONS

COVER STORY

HELP NEEDED 28

There's no doubt about it: Head-hunters can use a good public-relations person. Abuses by some, the strange ways of others and the industry's overall lack of understanding of how they work keep media department recruiters at arm's length from clients and prospects. When all else fails, however, they get the job done.

FEATURES

THE PRICE IS RIGHT 23

The big prize on game shows is a chance to take advantage of bargain-basement rates for paid on-air promotional announcements. But move fast. Major packaged-goods companies are increasing their presence here, and the networks and syndicators are beginning to curb the practice.

WALL STREET'S CRASH COURSE 37

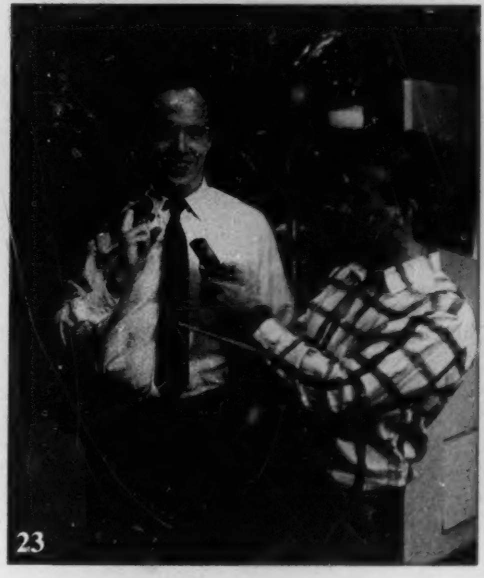
One thing Black Monday made painfully evident is that the major brokerage firms were being pulled along by the bull's tail. Now they are faced with the double challenge of calming their clients' fears while differentiating themselves from their competitors.

BRAND REPORT 149:
PERSONAL COMPUTERS 57

A new lineup of powerful, user-friendly hardware, plus a growing customer base in business, promises continued hot growth for the personal-computer field. Seven makers share their marketing plans.

BRAND REPORT INDEX 70

This month, we introduce a new feature page to accompany our monthly Brand Reports. Mediamark Research Inc. provides *Decisions* readers with a demographic profile of personal-computer buyers and illustrates their media habits based on MRI's media and marketing data bank.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DEPARTMENTS

PRO FILES 4

Jurmain's growing experience at Scali, Fenton takes the bull by the horns at Bozell Direct and MTV Network's Friedman takes on the assignment of hyping hype.

DEBUT 8

Remote Control on MTV has kids cashing in on tv trivia. Meanwhile, will *Soap Opera Update* work competitor *Digest* into a lather?

LETTERS 9

Two readers take umbrage with a newspaper "As They See It," and its author responds to his barrage of mail on his call for modernization.

FREEZE FRAME 14

Here come the elections and, for the first time, the Cabletelevision Advertising Bureau is feverishly campaigning for election-year business from political media planners.

PRINT BEAT 17

Program-guide publishers assess bar codes that program VCRs . . . Several magazines now offer affinity cards, complete with logos . . . Ads in print are appraised by six countries.

UPATE 20

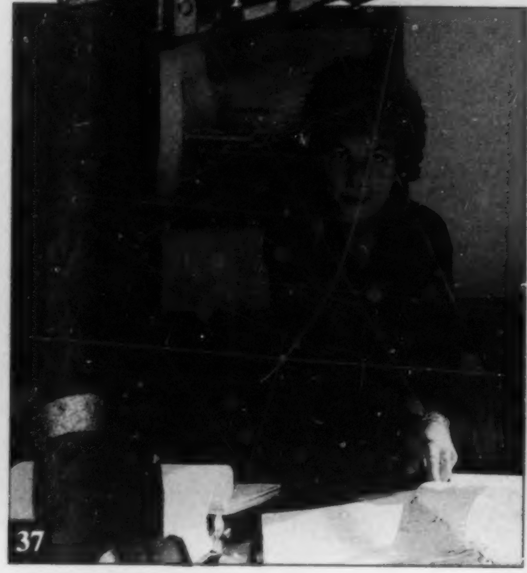
The FTC says no to the IRI/Dun & Bradstreet merger, and market researchers rush to pinpoint those who let their fingers do the most walking among yellow-page users.

BROADCAST BEAT 71

The broadcasting outlook for 1988 bucks recession fears . . . "Drive-buy radio" . . . The coming political advertising boom . . . Programing notes and some broadcast milestones.

January 1988, Vol. 23, No. 1

Cover photograph by Maria Ferrari



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TOOLS OF THE TRADE 74

They're like great big filing cabinets, only a bit more expensive. Marketers are given the latest news on going on line with data-base-rich information services.

ON THE DOCKET 78

Here's a switch: The brouhaha in the beer market is over alcohol-content labeling, and it's a brewer that's stirring it up. Coors is suing the government to *get* a rating on their label.

POINT/COUNTERPOINT/POLL 80

There *are* some reasons for hope regarding the economic outlook for 1988, and they are debated by our analysts. Readers, meanwhile, outline how the future outlook is affecting their internal planning.

SALES PROMOTION 84

New technology means less static for P&G's FSI softener samples; in America, *ellos tienen sed* for Pepsi; "Shelf-Vision" takes over in Chicago while Musak goes POP; and Lever Brothers puts a bear in the air.

ECONOMIC EYE 86

Coen's big view of '88, the latest in magazine category spending as supplied by Leading National Advertisers and our Media Cost Index.

LAST WORD 88

The education question: Dr. Charles Patti of the University of Denver believes the concern over the glut of advertising students and the dearth of ad jobs is based on too narrow a view of the discipline's applications.

AS THEY SEE IT

MEDIOLOGY *Stephen P. Phelps* 47

New options and new goals lead to a new meaning for "media."

MAGAZINES *Garfield Ricketts* 48

Inserts: one affordable solution to high print costs that gets an added boost from merchandising add-ons.

PLANNING *Shari Wall* 51

As the new year dawns, here's a planner's guide to what's happened and what lies ahead.

RADIO *Dennis McGuire* 51

State radio networks offer a good regionalized media option to a wide range of marketers.

MARKETING & MEDIA DECISIONS (ISSN0195-4296) January 1988, Vol. 23, No. 1 Copyright © 1988. Decisions Publications Inc. Published monthly. Executive, editorial, circulation and advertising offices at 1140 Ave. of Americas, New York, N.Y. 10036 (212) 391-2155. Available without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. $48 for 12 issues. Canada $60. Overseas $70 (surface mail). Airmail — add $70. Single copy $4.00. All overseas copies are paid. Second-class postage paid at New York, New York, and additional mailing offices. Postmaster: Send address changes to Marketing & Media Decisions, 1140 Avenue of Americas, New York, N.Y. 10036.

BRAND REPORT

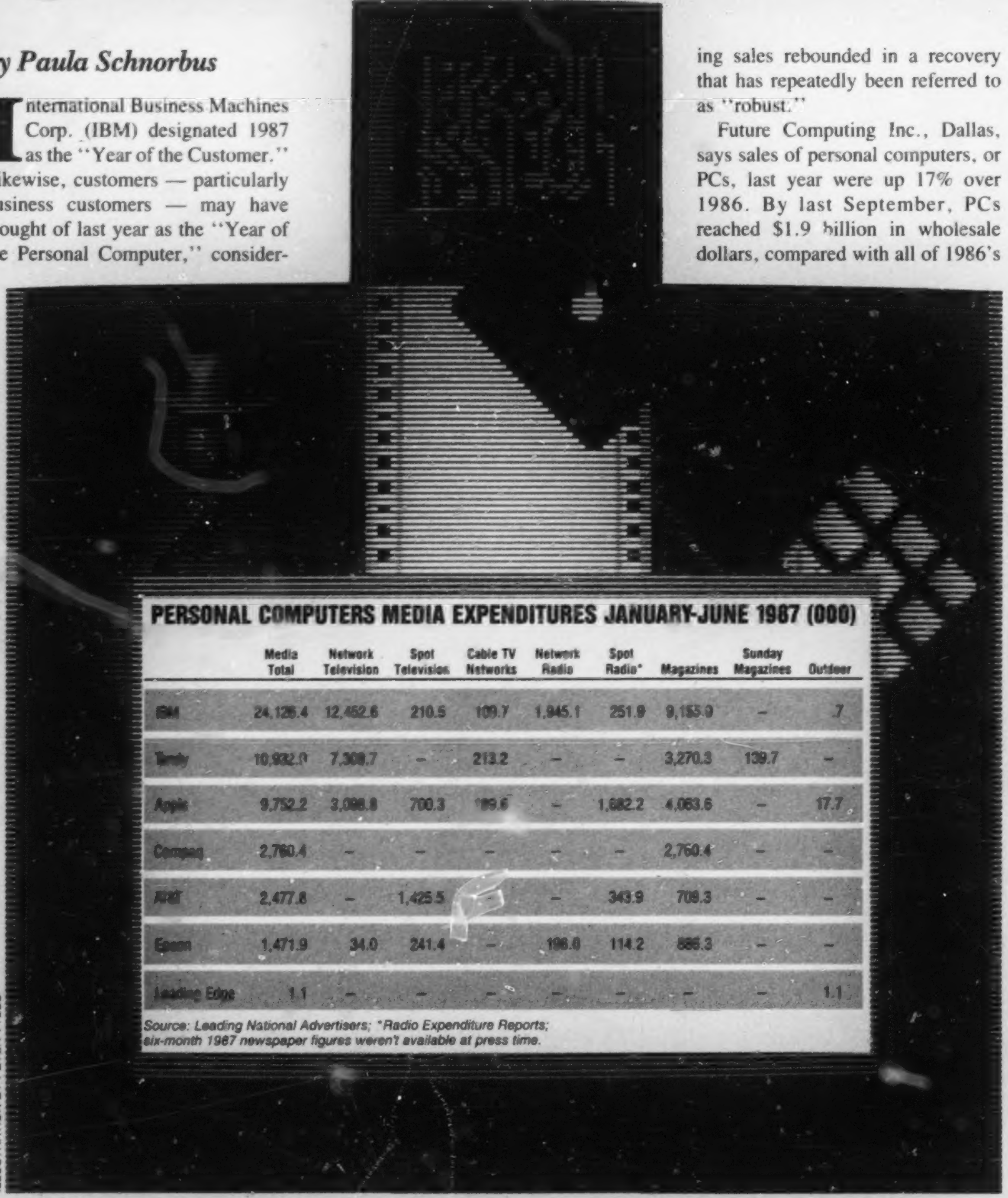
No. 149: Personal Computers

BUSINESS ADDS BYTE

by Paula Schnorbus

International Business Machines Corp. (IBM) designated 1987 as the "Year of the Customer." Likewise, customers — particularly business customers — may have thought of last year as the "Year of the Personal Computer," considering sales rebounded in a recovery that has repeatedly been referred to as "robust."

Future Computing Inc., Dallas, says sales of personal computers, or PCs, last year were up 17% over 1986. By last September, PCs reached $1.9 billion in wholesale dollars, compared with all of 1986's



PERSONAL COMPUTERS MEDIA EXPENDITURES JANUARY-JUNE 1987 (000)

	Media Total	Network Television	Spot Television	Cable TV Networks	Network Radio	Spot Radio*	Magazines	Sunday Magazines	Outdoor
IBM	24,126.4	12,452.6	210.5	109.7	1,945.1	251.9	9,155.9	–	.7
Tandy	10,932.0	7,308.7	–	213.2	–	–	3,270.3	139.7	–
Apple	9,752.2	3,098.8	700.3	189.6	–	1,682.2	4,063.6	–	17.7
Compaq	2,760.4	–	–	–	–	–	2,760.4	–	–
AT&T	2,477.8	–	1,425.5	–	–	343.9	708.3	–	–
Epson	1,471.9	34.0	241.4	–	196.0	114.2	886.3	–	–
Leading Edge	1.1	–	–	–	–	–	–	–	1.1

*Source: Leading National Advertisers; *Radio Expenditure Reports; six-month 1987 newspaper figures weren't available at press time.*

ILLUSTRATION BY PETER TYLUS

To prove how expandable the Personal System/2 is, IBM just expanded it at both ends.
IBM

The team from the tv show **M*A*S*H** *hawks IBM products without Hawkeye.*

$1.7 billion (based on what specialty stores are buying, according to IMS America Ltd., a Plymouth Meeting, Pa.-based research firm).

There were good reasons for such growth. New-product introductions from the PC industry seemed to blast forth like machine-gun fire. IBM brought out its new Personal System/2 literally in a burst of fireworks. Apple Computer Inc., the desktop-publishing pioneers, rolled out Macintosh II and Macintosh SE. Compaq Computer Corp. continued to introduce computers based on the 80386 microprocessor from Intel. And Tandy Corp. brought out its aggressively priced IBM-compatible computers, one of which sells for as low as $699.

"The big trend is downsizing," observes Nancy McSharry, a senior analyst at International Data Corp., a Framingham, Mass.-based market-research firm. Besides the lower cost, PCs are a lot more powerful today than when they were first introduced 10 years ago.

Analysts add that computer literacy is on the rise, as is the desire to "keep up with the Joneses." Says Seymour Merrin, of Merrin Resources, a Southport, Conn.-based consulting firm for the industry, "It's a competitive panic. 'The guy down the street is using one, and I'm not able to do what he does,' " mimics Merrin. "They are beginning to realize there is a reason for it." Merrin maintains that the "office-extension market," or those who have a PC in the office and buy one to do work at home, is growing rapidly.

This is reflected in a demographic sketch compiled by Mediamark Research Inc. in the spring of 1987. (See "Brand Report Index," pg. 70.) PC buyers are mostly 35- to 44-year-old men who graduated from college and currently work in executive, administrative, managerial or professional positions. They live mostly in the West and, to a lesser extent, the Northeast. They also are parents of school-age children.

Meanwhile, an increasing proportion of PCs are being sold to the workplace. Before 1985, says Jocelyn Young, an analyst with Future Computing, a higher percentage of PCs served the home market. Apple's initial market, for example, was the home, but with the advent of its desktop publishing, it has been repositioning itself to businesses. Compaq, founded just six years ago, *only* pitches its PCs to businesses.

Courting corporations has gained market share for these PC companies — much to the dismay of IBM, which has been losing market share but still remains the kingpin of the microcomputer world. It has twice as much market share as any of its competitors, no matter which research firm is doing the measuring.

IBM brought out the Personal System/2 last April in what some said was an effort to beat the IBM clone makers by creating a new standard. When the company first introduced its PC in 1981, it set the original standard for personal computers. According to Business Trend Analysts Inc., Commack, N.Y., the introduction was "almost self-defeating for IBM, however, as the PC's open-architecture design facilitated its 'cloning' by many manufacturers."

The clones cluttered the market, and analysts say that they are already taking steps toward cloning the Personal System/2, although IBM also is taking steps to stay ahead of the imitators. It's not even clear how many imitators there may be, since not everyone is sold on the Personal System/2.

However, IBM being IBM, it generally rises above such second-guessing. Ed Juge, Tandy's director of marketing planning, says there are two sayings that apply here. One involves IBM and the "FUD" factor, or Fear, Uncertainty and Doubt: If a company doesn't buy IBM, "something bad will happen." The second maxim is, "Nobody ever got fired for buying IBM," says Juge, adding that even if 100% of the computers go down, the defense of the buyer is that he or she bought the

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What is *un*common is the lack of duplication of subscribers and the cost effectiveness.

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best on the market.

Not everyone thinks IBM sets the standard anymore. Compaq beat IBM to Intel's popular 80386 microprocessor. AT&T is running ads with business-computer buyers advising looking at options, and Apple is running a two-page ad with the big headline, "MIS manager buys Macintosh, keeps job."

The boom market of 1987 may or may not last, depending on who is doing the analysis. Patricia Woo, a research analyst for PC service at Gartner Group, a research firm in Stamford, Conn., predicts a growth of 25% next year, or maybe a little less because of the current economy. But Young of Future Computing says the market is maturing and will only grow at a compound annual rate of 8%.

Following are the companies with the biggest market shares in the total microcomputer industry for the first nine months of 1987, according to IMS America Ltd.: IBM, 44%; Compaq, 21%; Apple, 19%; and Epson America Inc. and Leading Edge Products Inc., both 3%.

Because the market shares are based on wholesale dollars, or what specialty stores have bought, Tandy, which distributes through its Radio Shack stores, doesn't make this list. However, at press time, Future Computing figured that Tandy would finish 1987 with an 8% share based on all channels of distribution.

AT&T was added to the list based on Dataquest's prediction that AT&T will bring in $484 million in 1987, making it number five on the projected biggest revenue list in microcomputer companies.

Advertising expenditures for 1987, listed throughout this report from Leading National Advertisers, don't include trade magazines or newspapers (no figures available for comparable period), which get heavy usage from PC companies.

IBM

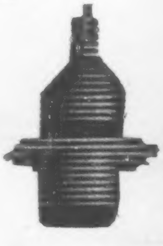
The Personal System/2, the new baby that IBM calls the next generation in personal computing, may be more personal than some think. In the past year, IBM has been getting more involved with its customers and their needs as they relate to all IBM products, not just the Personal System/2, the giant computer-maker says.

The 1987 "Year of the Customer" began with IBM making a concerted effort to let its customers know where it is going. In turn, the customers have been telling IBM where their own companies are going. With this give and take, IBM says it will be able to show customers how IBM products can best help companies achieve their goals. IBM also has been trying to simplify its customer contracts. In addition, Big Blue has been beefing up its field-marketing force through new hires or by shifting current employees. The "Year of the Customer," an IBM spokeswoman says, "has marked a turning point in doing business."

Since IBM unveiled its Personal System/2 last spring, it has been trickling out the products, ranging from the Model 25, which has a collegiate version, to the Model 80 with its "high-power, advanced workstations," says a spokeswoman, who adds that the range in power reflects the wide scope of the target audience. The Personal System/2 is compatible with existing PCs, the predecessors, but the new computers "will really come into their own" with the new Operating System/2, due out the first quarter of this year. IBM is no longer marketing any of the original family of PCs except for the PC XT and the PC AT, she adds. Because of the complexity of the Personal System/2, IBM dealers now have new requirements and must be retrained, becoming "advanced products dealers."

To support the Personal System/2, actors from the tv show *M*A*S*H*

Computer marketers are courting corporations. Compaq Computer makes its pitch *only* to businesses.



have been hawking the products. "We didn't set out to hire the *M*A*S*H* team, since there isn't any association with the tv program," a spokeswoman explains, adding that IBM was looking for a group of instantly recognizable actors to promote the teamwork concept of the Personal System/2. The "very successful" team has been hired for a multi-year contract. Lord, Geller, Federico, Einstein Inc. is the ad agency.

IBM has made classic choices in picking shows on which to run its 30- and 60-second tv spots, such as news and sports, as well as prime-time programing, including *Family Ties* and *Cheers*. There is no cable.

The Personal System/2 also is advertised on spot radio and in major-market newspapers, though no co-op is used. Also bought are computer trade books, education and business magazines, as well as *Working Woman*, which IBM considers a general business magazine, notes the IBM spokeswoman.

Direct mail was used in the fourth quarter in 1986 to promote software rebates and free software, and $2,500 of instant credit was available for customers who qualified for the Personal System/2 credit card. Also offered were 16 additional free software programs with a purchase of a Model 25 or Model 30. Grey handles the direct-mail campaign.

Newspaper expenditures for all IBM computers added up to $9.2 million in 1986, reports Media Records.

COMPAQ COMPUTER

Compaq likes to think of itself as unique, because it doesn't go after the home or the education market but sticks strictly to business. Compaq Computer also is unique because it reached the Fortune 500 in 1985 after only being born in 1982. The company raked in $313 million in sales in the third quarter of in 1986 — a 113% increase over the previous year — and also earned $36 million, a whopping 319% increase.

Compaq's ad theme has been consistent: "It simply works better."

The company, which doesn't do any direct sales, uses only authorized dealers for distribution. Compaq offers them a few sales-generating programs, such as an executive briefing program, where potential buyers may come to Compaq to meet the company's senior officers. This, as well as other promotional activities such as co-op advertising, training programs and sales-incentive programs for sellers, are funded by Salespaq, a dealer-support program. About $20 million to $30 million is spent annually on Salespaq.

Print provides the backbone of Compaq's media plan. Because "more experienced users" are most likely to buy a Compaq, says Mike Swavely, vice president, sales and marketing, books used include *Datamation*, *Computer Decisions* and also enthusiast magazines such as *PC World*. The *Wall Street Journal* is used heavily for a broader reach of top management. About $10 million to $15 million is spent on print ads. Compaq also uses six- to eight-page inserts for product introductions.

Swavely says direct marketing is "probably the most cost-effective promotional tool available." The new-product inserts are sent to high-probability buying prospects.

Tv ads aren't running currently, but when they do run, they are used for image building and broader product awareness.

All told, Compaq's promotional expenses run well over $50 million, says Swavely, who adds that the figure also includes trade shows and exhibits. Ogilvy & Mather is the agency.

APPLE

When Apple Computer Inc. began making inroads into businesses by highlighting the desktop-publishing capabilities of its Macintosh units, it was no surprise, considering the refocus of its advertising.

Bruce Mowery, director of marketing communications, says that Apple, which has always targeted the education market, repositioned itself to de-emphasize home use and go after business. The company began looking at businesses in a broad sense as well as a vertical sense, peddling its desktop publishing heavily to communications companies, advertising and public-relations firms, graphic houses and design consultancies, among other prospects.

"Now we're coming in the front door," says Mowery, referring to Ap-

Recent PC announcements have left Compaq in an enviable position.
Compaq still works better.
COMPAQ

Born in 1982, Compaq landed in the Fortune 500 in 1985.

ple's former backdoor status, when the computers were purchased on the sly by employees from companies that used IBM PCs. He adds that Apple computers are "good for all sorts of business applications," even spread sheets.

The Macintosh also is able to make transparencies needed for overhead projectors, which, incidentally, are free if an Apple Desktop Presentations System — an Apple Macintosh SE or Macintosh II computer and one of the LaserWriter Printers — is purchased. This offer is made known through a direct-mail piece that also offers a free copy of the book *How to Prepare, Stage and Deliver Winning Presentations*. The book is also free just for letting Apple demonstrate its computer wares to a potential customer.

Direct-mail usage has risen dramatically in the past two years as Apple targets business prospects. Mowery adds that direct mail is an effective device in higher education, because it is difficult to find magazines that reach the computer-science faculty.

LNA reports a five-media level of $9.8 million in the first half of 1987. Print advertising is done on a more vertical basis in books such as *Graphic Arts Monthly*, says Mowery. The computers still appear in broader business books, including *Business Week* and *Forbes*. Education magazines that run the gamut from elementary school to higher education are used, as well as the *Journal of Academic Computing*. Other publications include *Government Computer News*, and, in the past, ads ran in *Working Woman* and *Parents*.

Tv is still being used but to a lesser extent than when Apple was targeting consumers. Currently, 30- and 60-second spots run on the usual news and sports shows and also on cable networks such as CNN. Spot tv is used for promotional advertising. "Tv is effective in terms of quickly gaining awareness and building an emotional bond with the viewer," explains Mowery.

Macintosh makes the financial page.
Money
BUSINESS
Business
The power to be your best

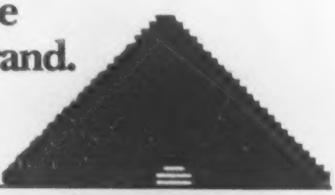
Apple's desktop publishing turned the heads of businesses.

There are also Macintosh business forums, which are regional, two-day seminars in major markets. Apple executives and third-party developers of peripherals are available to provide information on computer applications for participants' businesses.

Radio is used principally for promotional activity and most often for the Apple II products. Apple II was promoted during the Christmas season through an awareness-advertising program in newspapers and radio. The principal reason to bring the Apple II into the home is for learning, says Mowery, "a much different selling proposition than the Mac." The Apple II is advertised in 30-second spots during prime-time shows, such as *Family Ties*, and also some sport shows.

BBDO is Apple's ad agency. In 1986, about $7.2 million was spent on newspaper ads, says Media Records.

Epson has stopped emphasizing its features and now talks about the brand.



EPSON AMERICA

Computer printers had been Epson America Inc.'s link in the industry until 1983, when the U.S. marketing arm of the Japan-based Seiko Epson Corp. debuted its "notebook" or lap-top portable computers.

Still, Scot Edwards, director of the unit's corporate-marketing communications, says Epson didn't become a serious contender until 1985, when a complete line of IBM PC-compatible desktop computers was introduced. Epson currently markets three IBM-compatible desktop computers and a laptop model.

Epson users are in the 25-to-54 age range, with $30,000 or more annual household income. Epson computers, Edwards explains, are predominantly for business and for those who bring their work home. He adds that the computers are "very strong" in small business, in part because of Epson's retail distribution.

Edwards says that the marketing thrust has changed in recent years from being product oriented to being brand oriented. The previous focus was on features and the benefits of the products. A year ago, Edwards says, Epson launched a "fairly aggressive" brand campaign. "We started marketing the Epson brand as it transcends computers and computer printers," explains Edwards, who adds that brand leaders are now emphasizing the brand story as the industry becomes sophisticated.

Edwards points out that more recent Epson advertising isn't geared only to enthusiasts, its previous target. Epson has used 30-second spots on network tv during the World Series, *Monday Night Football* and other prime-time programing, including *L.A. Law* and *The Cosby Show*. Radio spots are either 30 seconds or 60 seconds, including seven-second dealer tags.

ROP ads run in the *Wall Street Journal* and *USA Today* and also in major city newspapers. Ads also are placed in weekly newsmagazines and computer trade books. Edwards says the plan for magazines is to go more for frequency than reach. Epson ads also may be seen in government publications as well as *Sports Illustrated* and *Golf Digest*.

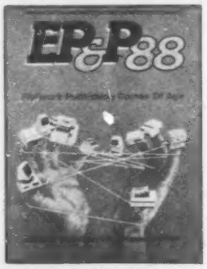
Indeed, part of Epson's total marketing mix includes sports marketing.

Your client's prospects have more than desktop publishing systems on their minds.

50,000 electronic publishing prospects aren't limiting their purchases just to equipment that fits a 4′ x 3′ desktop space! They're also in the market for the whole gamut of high-tech publishing and printing equipment... from large mainframe computers to text and graphic workstations . . . from high-speed copier/duplicators to laser printing devices... from CAD/CAM equipment to WYSIWYG software... right down to mice, pucks, pens and other peripherals.

EP&P gives the only BIG picture.

EP&P (Electronic Publishing & Printing) alone covers the spectrum of high-tech hardware, software *and* supplies. It's so comprehensive, your client's prospects use it to sort out the "needs" from the "don't needs" ... for facts and applications of dedicated systems through to the economies of desktop models.



Call or write for your EP&P'88 Media Kit:

EP&P88

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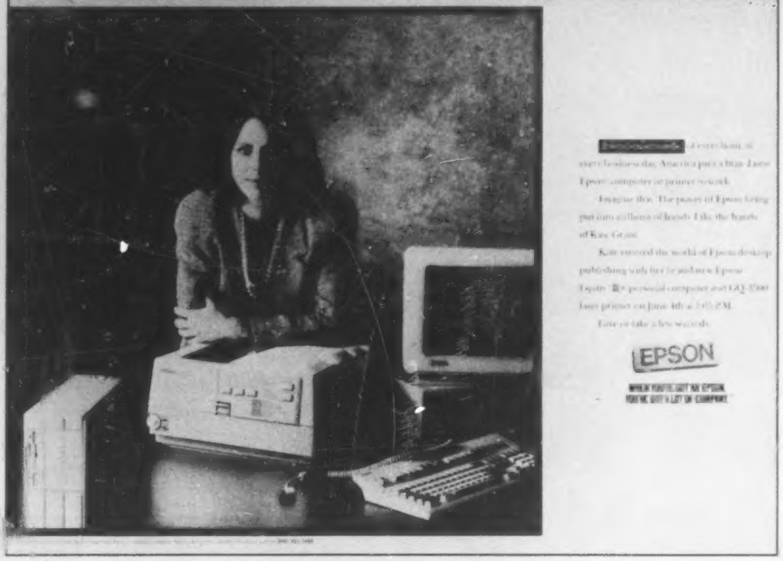
Phone (312) 726-2802



Epson is "very strong" in small business.

Epson is the official computer-products company of the Professional Golfers Association. Edwards says his company participates in tournaments by bringing computers on-site for scoring. "It gets us involved for demographic exposure," he says. Epson runs a fan-enhancement program and sets up computers and printers in corporate hospitality suites or tents and even around the golf course to provide up-to-the-minute statistics and also calendar-year stats and biographies of players.

FCB/San Francisco does Epson's national advertising, and McCaffrey & McCall handles promotional and field-level advertising for newspapers and radio. Edwards says that $50 million, as has been reported elsewhere, is "not way off the ball" when putting a price tag on Epson's promotional and national image advertising. Media Records says about $5 million was spent on newspaper advertising in 1986.

LEADING EDGE

Leading Edge Products Inc. got its start in 1980 as a wholesaler and distributor of peripherals and other supplies. So for the first few years, says John Sullivan, vice president, marketing, Leading Edge Hardware Products Inc., the company was building up a distribution network. And then in the latter part of 1983, its first computer debuted.

"We had been trying to find a niche in the marketplace after the introduction of the IBM PC in 1981 and how to best serve the industry as a whole," explains Sullivan. "If we could introduce products that were much more affordable, we could increase customer productivity and offer computers to those who previously couldn't afford them."

The thrust of the Leading Edge marketing program is "the same today as back then, and that is to offer the best product at the best price," says Sullivan. The company markets two lines of personal computers, with three models each.

Leading Edge's prime customers include the at-home user, both personal and business, and medium-sized businesses. The computers also are sold to the education market. Sullivan quickly adds that the list "doesn't preclude Fortune 500 companies." Sullivan says that the biggest percentage of buyers use the computers for word processing.

The media plan isn't extensive. National advertising may be found in *USA Today*, the *Wall Street Journal* and the *Los Angeles Times*, as well as trade books such as *Computer & Software News* and *PC Week*.

Sullivan says that the extreme expense of television has caused Leading Edge to "turn its back on tv commercials." The company's current media plan, Sullivan thinks, reaches a more targeted audience. There is a dealer co-op program under which Leading Edge gets time on tv and radio and billboards as well as in trade shows. Advertising is handled by an in-house shop, which is developing new creative, due out this month.

Direct mail accounts for about one third of Leading Edge advertising, says Sullivan. Using names from their own lists, those from a dealer base or purchased lists, personnel or information service directors receive news about promotions, discounts, incentives and awareness material for computers and software. Leading Edge also provides dealers with materials to do their own direct mail.

TANDY

In a sea of IBM clones, Tandy touts itself as providing the best value, says Ed Juge, director of market planning, citing a recent *Datamation* magazine study that shows the number-one reason for buying a Tandy is price. But, he adds, value doesn't mean price alone. It is also Tandy's ability to support and service the products it sells, which was the second reason for buying a Tandy, according to the study.

Tandy also claims it was the first mass-marketer of PCs, starting in 1977, with the benefit of its Radio Shack consumer-electronic stores. It may not have set the industry standard, but it has been keeping up with IBM models. For instance, Tandy has produced its own PCs with the new OS/2 capabilities. Tandy has about 15 PC

Tandy Computers: Because there is no better value.

The New Tandy® 4000

A price breakthrough in high-performance 80386 technology.

Radio Shack
COMPUTER CENTERS

Tandy touts itself as the "best value."

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Now national advertisers buy *The Columbus Dispatch* with the same range of volume discounts as local advertisers **and there are no restrictions!**

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SUNDAY

ADSAT

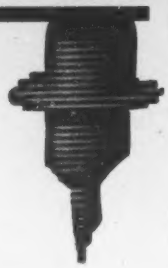
Source: Scarborough's 1987 Newspaper Audience Ratings Study.

models, ranging from three different laptops to a Multiuser Tandy 6000 HD.

Last year, Tandy introduced some particularly aggressively priced models. The Tandy 1000 HX, for example, sells for $699. At a price like that, it is easy to understand why the 1000 series, prices of which run in the upper hundreds of dollars to $1,200, is geared to small businesses and families who bring work home. Tandy also dropped prices $50 or $100 for Christmas and offered payment plans of $15 a month. Also at Christmas, Tandy's entry-level color computer, which regularly sells for $199, was going for $129.

With such a product range, Juge says Tandy's target audience is "anyone who will spend money on a PC," but notes that Tandy's strengths are in small- and medium-sized businesses and the home and school markets.

Tandy is no slouch about reaching those markets, spending about $200 million on advertising, according to Juge. "We advertise in any media you can think of," short of outdoor, Juge says. Central Advertising Agency, Tandy's own, creates the ads.



Tandy's product range makes its target audience "anyone who will spend money on a PC."

The company's personal computers may be seen in 30-second spots on news and sports programing on all three networks as well as on cable networks, such as Entertainment & Sports Programing Network, Cable News Network, USA Network and CBN Cable Network. Radio supports specific sale events.

The PCs hit an overwhelming 150 magazines, including the typical books, such as *Business Week* and the computer trades, as well as *Schoolboard Journal, Black Enterprise, The Journal of Accounting, Working Mother* and *Smithsonian*.

Tandy PCs appear in the *Wall Street Journal* and general-product advertising in more than 1,000 newspapers a week.

There also is a flyer that goes out to 30 million people once a month that Juge says accounts for the "biggest chunk of ad money." About half of the ad budget is in ROP newspaper ads, flyers and free-standing inserts, he explains.

AT&T

AT&T, which has been hawking its personal computers since 1984, is marketing five basic models that range from single-user computers to multiuser, such as the 6386, which the company boasts can handle more than 30 users.

The flagship product is the 6386, and "we're putting a lot of emphasis on that," says Tom Nelson, marketing manager for personal computers. Most of the ad dollars will go into that model.

AT&T's "people-oriented campaign" for its personal computers was implemented in October. "We are stressing where our computers make a difference with people," explains Nelson, who says that previously the ads were factual and product focused. "Our ads now are solution focused."

The line of personal computers is pitched to businesses and professionals who take work home with them. One of the recent promotional efforts was called "Monumental Savings" and allowed a buyer $100 off the more he or she buys. A customer also can earn points toward AT&T long-distance certificates or points against the next purchase.

A direct-mail campaign beginning this winter will go after two focus groups and offer buyer incentives.

Tv commercials for AT&T, which are 30- and 60-seconds, may be seen during the usual news and sports shows. Print ads are in business publications, trade magazines and also the *Wall Street Journal*. Ogilvy & Mather is the agency. ■

"...and then I told him 'So what! Everybody and his brother earns over $50,000 in Orange County'..."

Over 30% of all Orange County households earn $50,000 and above, the highest percentage of all major Southern California markets. More than half of all adults in these households are Register readers.
(S&MM, 1987 Survey of Buying Power; Scarborough's 1987 Newspaper Ratings Study)

THE ORANGE COUNTY
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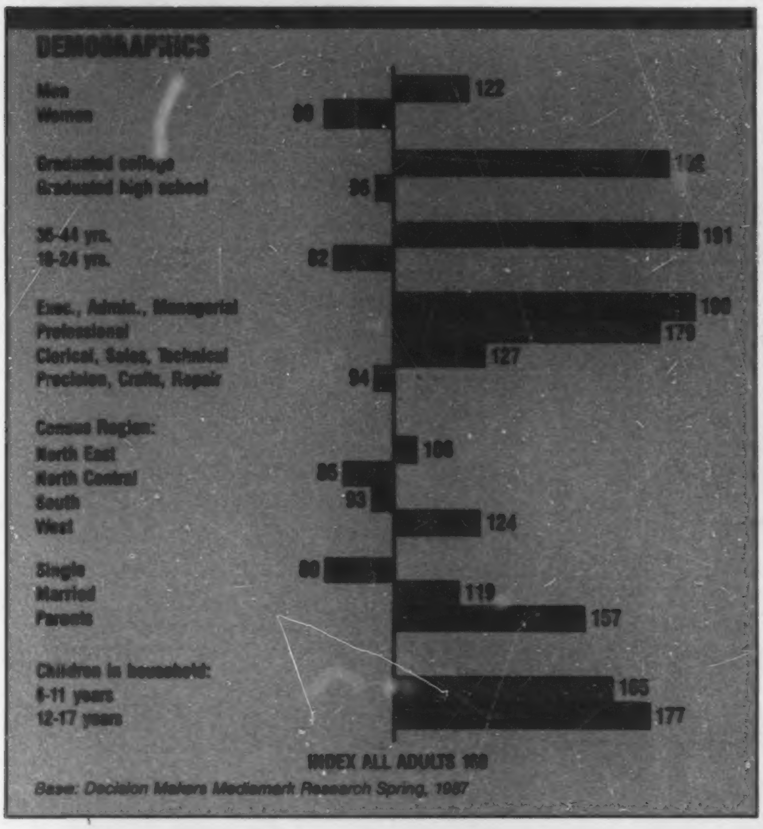
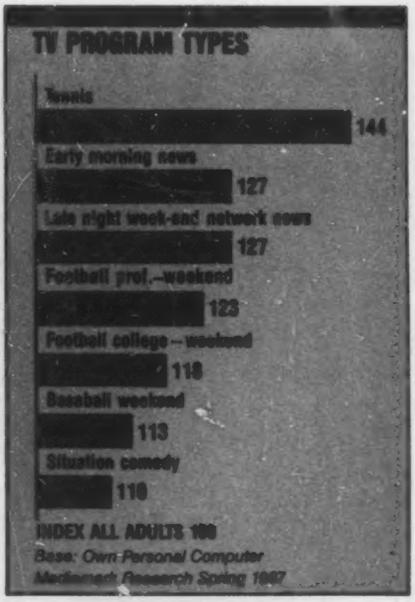
The leading medium in Southern California's richest market. Represented by CWO&O

BRAND REPORT INDEX

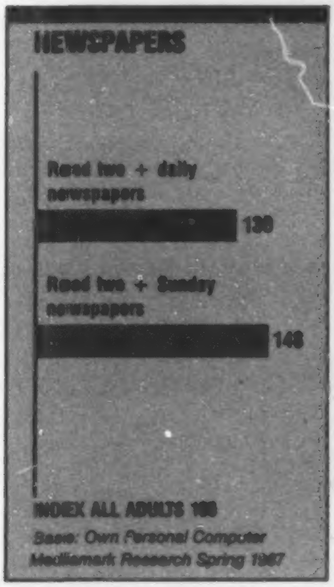
PERSONAL COMPUTER OWNERSHIP



Base: Decision Makers Mediamark Research Spring, 1987



Base: Own Personal Computer
Mediamark Research Spring 1987



Base: Own Personal Computer
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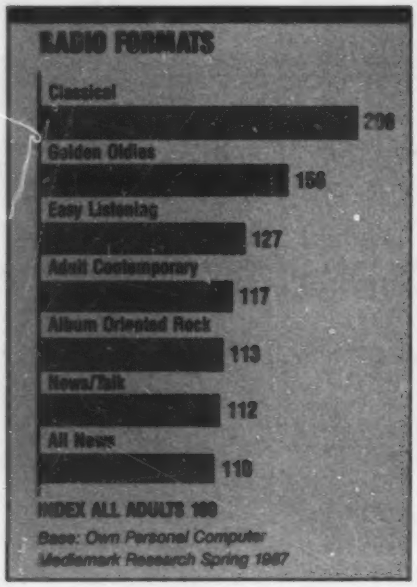

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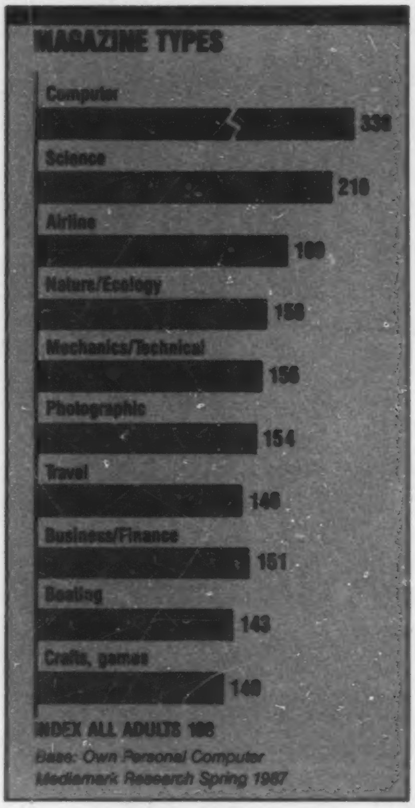

Base: Own Personal Computer
Mediamark Research Spring 1987

POINT/COUNTERPOINT/

ECONOMIC OUTLOOK '88

POSITIVE THINKING

In the wake of a 30% decline in the stock market, it may seem wildly optimistic to forecast a year of continued economic growth for 1988. But I do, and I shall explain why.

There were grave doubts about the staying power of the five-year-old expansion prior to October 19, a.k.a. Black Monday. In September, a survey of members of the National Association of Business Economists revealed that 85% of the respondents expected a recession in either 1988 or 1989, but two thirds of these expectations were focused on 1989 and only one-third on 1988.

In the weeks prior to October 19, however, sentiment appeared to shift toward the earlier year. The reasons? First and foremost, there was a rapid escalation of interest rates. Most tellingly, housing affordability was seriously threatened by 11.6% fixed-rate mortgage charges. Second, Washington was frozen into a federal budget stance that would leave the deficit at $170-180 billion in fiscal '88, requiring even higher interest rates to attract domestic and foreign capital for its financing. Third, because the U.S. dollar was no longer supposed to decline — by international fiat — heavy trade deficits appeared destined to continue, constituting a drag on the U.S. economy.

October 19 jolted U.S. and foreign policy makers into at least the beginning of corrective action. Interest rates plunged under the influence of Federal Reserve policy redirected toward the recession danger. With the dollar once more relatively free to decline, prospects for trade improvement have picked up. Most important, a budget accord between the administration and congressional leaders was forged that, while still tentative and perhaps too limited, has proved sufficient to encourage leading foreign countries to reciprocate by taking expansionary steps for their own economies.

As a consequence of this new deal in economic policy, U.S. trade prospects for 1988 have improved materially, also aided, of course, by years of blood-letting cost cuts and costly productivity improvements. The trade deficit should decline to around $140 billion from the estimated 1987 figure of $170 billion. Further, with lower mortgage rates, housing starts may stabilize around 1.5 million in 1988, making it about an average year for this key industry. Business investment is being driven forward by the

(continued, pg. 82)

OUR READERS TELL US . . .

Uncertainty sets the mood among our readers when appraising next year's outlook, though any change should be moderate, says our poll, conducted by Research USA, Chicago. (Base: 103, unless otherwise noted.)

1. How do you think the economy will change over the next six months?

It will greatly improve	—%
It will somewhat improve	16.5%
It will stay the same	29.1%
It will somewhat weaken	52.5%
It will greatly weaken	—%
No answer	1.9%
(Base:103)	

2. What do you think will happen to the following during the first half of 1988?

	Interest Rates	Consumer Spending	Inflation
Will rise	34.9%	7.8%	48.5%
Will stay the same	30.1	47.5	49.6
Will fall	34.0	44.7	1.9
No answer	1.0	—	—
	100.0%	100.0%	100.0%

3. Has your organization specifically revised its advertising budgets for the first half of 1988 because of economic uncertainty?

Yes	31.1%
No	68.9%

If "yes":

a. How much have your ad budgets changed overall for the first half of 1988?

They're up 1% to 9%	18.8%
They're up 10% to 19%	3.1%
They're up 20% or more	6.3%
They're down 1% to 9%	28.0%
They're down 10% to 19%	18.8%
They're down 20% or more	15.6%
No change	3.1%
No answer	6.3%

POLL

CHILLING FACTS

The American economy faces unprecedented problems during the next few years. The federal deficit continues, only slightly dented by the current congressional agreement. The merchandise trade deficit in current dollars remains at a record level. The value of the dollar continues to decline. The stock market meltdown eliminated one trillion dollars in value of common stocks.

The combination of severe economic problems will culminate in serious recession in 1988 and perhaps 1989. I expect that in 1988 real GNP will decline about 2% from 1987.

Recession is the word, however, not depression. The crash in the stock market has raised the question of a deep depression, such as that which occurred in 1929-1933, set off by the crash in the stock market which started in 1929. I doubt that we shall ever again go through the depression experience of the depths of 1929-1933.

For one thing, the ratio of government spending to total spending in the economy is much higher than in 1929. While this has unfortunate consequences for our tax burden, it also means greater stability in the economy. Government spending in the aggregate rarely, if ever, goes down, and as a result, the weighted stability of the economy is much higher. Plagued as they are with their own financial problems, the F.D.I.C and the F.S.L.I.C. still contribute to stability of the financial system. Social Security is a powerful source of strength in the economy. Much improved monetary policy and fiscal policy are of inestimable value.

Most disappointing is the stubborn negative trade balance, which reached a new record high in the third quarter of 1987. The excess of merchandise imports over exports, on an annual-rate, seasonally adjusted basis, was $157.5 billion in January-September 1987, compared with a deficit of $144.3 billion in calendar year 1986.

In real terms, there was some improvement early in the year, but not since the first quarter. Net exports of goods and services, annual rate, seasonally adjusted, as included in GNP on a constant dollar basis, were at a record minus $161.6 billion in the third quarter of 1986, and improved to minus $151.8 billion in the fourth quarter of 1986, and to minus $135.2 billion in the first quarter of 1987. Since then, there has been no improve-

(continued, pg. 82)

Total "up"	28.2%
Total "down"	62.4%
(Base: 32)	

b. What changes were made for each of the following media?

	Consumer Magazines	Business/ Trade Publications	Newspapers
Up	16.7%	27.3%	15.8%
No change	45.8	40.9	57.9
Down	37.5	31.8	26.3
	100.0%	100.0%	100.0%
Base*	(24)	(22)	(19)

	Television	Cable	Radio
Up	39.2%	25.0%	27.8%
No change	30.4	50.0	50.0
Down	30.4	25.0	22.2
	100.0%	100.0%	100.0%
Base*	(23)	(16)	(18)

	Outdoor	Sales Promotion	Direct Marketing
Up	17.6%	40.9%	31.5%
No change	70.6	22.7	47.4
Down	11.8	-36.4	21.1
	100.0%	100.0%	100.0%
Base*	(17)	(22)	(19)

* Based on those answering question.

4. Have there been cutbacks in your organization over the past few months?

Yes	41.7%
No	58.3%

If "yes," in which of the following areas were cutbacks made? (Check all that apply)

Budget cuts	72.1%
Top management cuts	25.6%
Mid-management cuts	46.5%
Staff cuts	60.5%
(Base: 43)	

POSITIVE THINKING

whip of international competition.

That leaves us with a question mark for personal consumption, which accounts for about two thirds of the total demand for goods and services. Admittedly, the downward push on personal wealth stemming from recent stock market performance is a significant negative factor. People at the upper end of the income scale, where stock holdings are concentrated, will buy fewer luxury goods.

The vast majority of us, however, depend far more on current income than on accumulated wealth for purchasing power support. As long as the job loss associated with the stock market crash is confined to a few thousand financial-industry positions, rising total income will provide the basis for expanded employment and consumption, although perhaps only at a sluggish rate.

Yea: 1988 may be a year of moderate growth and inflation.

Thus, 1988 is likely to turn out to be a year of moderate growth and inflation, a good year on the whole for both business and consumers. Question marks certainly remain for 1989, but that's another story!

Francis H. Schott is a senior vice president and chief economist at Equitable Financial Companies in New York.

CHILLING FACTS

ment. The net exports were minus $132.7 billion in the second quarter of 1987 and minus $134.9 billion in the third quarter of 1987. Exports have risen, but imports have risen as much, or somewhat more. It hardly seems realistic to expect an "export-driven" expansion in the overall economy.

The stable sector of the economy includes consumer spending on nondurable goods and services, nondefense federal purchases of goods and services and state and local purchases of goods and services.

Important for consumer spending is the fact that disposable income in real terms has barely increased at all during the last year. Record high personal indebtedness can no longer be said to be offset by the "wealth" factor. Confidence has been dealt a real blow. Expansion in the national defense program is peaking out. Federal nondefense purchases are declining slightly, just barely offset by a slight growth in state and local spending.

This leaves the cyclical sector of the economy. In my judgment, we face decline in these areas: consumer spending on automobiles and other durables, residential construction, business spending on plants and equipment and changes in inventories.

The automobile industry is down to an annual rate of 6 million units, with heavy inventories. Consumers are probably past the point of much stimulation by incentives.

Nay: Real GNP for 1988 will fall about 2% from 1987.

Housing starts and sale of new houses have already fallen sharply. Loss of confidence and high prices are offsetting the very recent drop in interest rates.

Business spending on plants and equipment has shown strong gains in recent quarters. It may be expected, however, that there will be negative effects from the stock market crash and the emerging slowdown in many other parts of the economy.

Increase in business inventories has constituted about two fifths of the increase in real GNP since late 1986. Such accumulation in 1982 dollars — $47.6 billion in the first quarter, $39.0 billion in the second quarter and $24.1 billion — will come to an end and turn into liquidation as the other parts of the economy begin a decline.

Dr. John K. Langum is president of Business Economics, Inc., in Chicago, and author of the "Langum Report on the American Economy."

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ECONOMIC EYE

EYE ON '88

Bob Coen's crystal ball has come into focus at McCann, and here's what this director of forecasting sees for 1988: major national broadcast, +9.7%, $20.8 billion; national print, +6.4%, $9.6 billion; other national, +8.3%, $35.6 billion; total local +8.9%, $53.7 billion; grand total, +9.0%, $119.7 billion.

MAGAZINE AD SCORECARD	Ad Pages Nov. 1987	% change from Nov. 1986	Dollers spent (000)	% change from Nov. 1986
1. Skin Care, Creams, Lotions and Oils	174.68	−8.6%	$ 6,283.0	−4.7%
2. Lip and Eye Beauty Products	87.07	+26.8	3,247.7	+38.9
3. Scents and Fragrances	323.36	+11.9	9,351.2	+27.3
4. Facial Makeup Products	94.42	+14.9	3,041.2	−3.8
5. Prepared Dinners and Entrees (including Pizza)	46.85	−35.7	2,430.4	−35.5
6. Liquor	642.07	+14.3	26,659.9	+23.0
7. Cigarettes	582.01	+1.7	29,823.8	+.4
8. Soaps and Detergents	45.93	−18.5	2,979.5	−18.5
9. Passenger Cars, Domestic	562.03	+10.6	30,260.6	+17.8
10. Passenger Cars, Imported	546.37	−3.3	27,566.2	+9.2

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100

1987

	Feb.	% change	Mar.	% change	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change
Network TV																
Daytime	86	−9	88	−8	92	−6	92	−6	95	−1	98	−5	85	−11	83	−11
Nighttime	105	+8	112	+7	99	+8	110	+6	112	+3	109	+2	113	+5	106	−0
Spot TV																
Prime time	133	+11	131	+13	134	+16	136	+14	130	+9	138	+10	126	+4	124	+18
Daytime	108	−0	108	−0	116	+11	118	+8	104	−1	108	−4	117	+7	102	+3
Network radio	130	+12	126	+11	116	+4	116	+2	114	−1	102	−0	104	−1	106	+2
Spot radio	101	−1	→	→	←	←	98	+3	→	→	←	←	103	+1	→	→
Consumer magazines	109	+3	110	+4	109	+3	109	+3	109	+3	109	+3	109	+3	109	+3
Natl. Sunday mags	103	+11	103	+11	103	+11	103	+11	103	+7	103	+7	113	+7	118	+14
Business publications	111	+5	111	+5	111	+5	111	+5	111	+5	111	+5	111	+5	111	+4
Newspapers	116	+8	116	+8	116	+8	116	+8	116	+7	115	+7	115	+7	115	+7
Outdoor	111	+6	111	+6	114	+6	114	+6	114	+6	114	+6	114	+6	114	+6

Notes: Percentage shown is relative change from the same month/period the year before.

1985 = 100

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

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SPECIAL REPORT: SYNDICATION '88

MARKETING & MEDIA DECISIONS

FEBRUARY 1988 • $4.00

IN THE BAG?

Here comes Trintex, the most advanced PC-based home-shopping service to date. Can IBM, Sears and $300 million succeed where all others have failed?

CIRCULATION: GROWTH VS. COSTS

NEW AGE RADIO

THE NATION'S NEWSPAPER
USA TODAY
AA
American Airlines
Tide
CHANEL
TRINTEX

Harry E. Smith,
Senior Vice President
of Commercial
Marketing,
Trintex

MARKETING & MEDIA DECISIONS

COVER STORY

THE KEYBOARD CATALOG 24

After years of development, Trintex, a joint venture from IBM and Sears, takes its first bold step into the marketplace. The PC-based news and home-shopping service is viewed by many as an uncharacteristically risky business for the mega-marketers. But that hasn't stopped some of America's biggest companies from jumping in to test the system.

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CUTTING BACK TO STAY IN THE BLACK 35

Magazines that cut their guaranteed circulation still have a lot of explaining to do on Madison Avenue, but agencies are more willing these days to listen. Such reductions offer advantages on both sides of the buy.

RADIO'S NEW-AGE RAGE 45

Is New Age for real? Radio's newest format holds a lot of promise, particularly in the audience it attracts, but everyone is taking an appropriately laid-back approach to the concept.

ETHNOLOGICALLY SPEAKING. . . 51

It sounds intimidating, but the idea behind ethnology is quite simple: By studying a culture first hand, you increase your chances of successfully creating and marketing products to serve its needs and wants.

DECISIONS INDEX 57

The 1987 Editorial Index guides you through last year's features and columns in *Marketing and Media Decisions*. This year, the section pulls out for easy reference.

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SPECIAL REPORT: SYNDICATION '88 73

There's no want of issues to keep syndication's suppliers and customers arguing among themselves. What is missing for agencies, however, are solid numbers with which to approach this year's buying sessions.

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Despite the consolidation among producers, the station marketplace is still being flooded with questionable programing offerings in all dayparts. Buyers beware.

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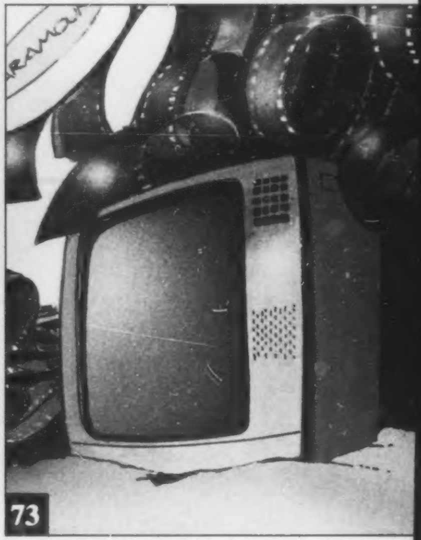
The programing glut is causing buyer concern over likely national clearances of syndicated shows. Sellers are creating new package deals to meet buyer standards.

RESEARCH 95

It's a mess. Average program ratings are down in barter shows, yet barter's share of national viewing is up. That is, if you believe the numbers.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All the sex is in the shades in this lackluster category. The women's, men's and minority segments are profiled, and our Brand Report Index (pg. 122) gives demographics of users, types of products used and a look at purchasers' favored tv program and magazine types.

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Madison Square Garden's cable service is abloom with merchandising opportunities, and Movietime mounts its advertising offensive.

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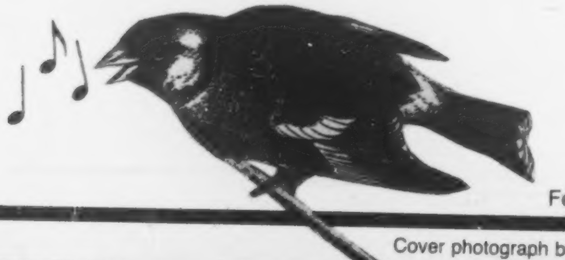
Wunderman Worldwide's Tucciarone



February 1988, Vol. 23, No. 2

Cover photograph by Bard Martin, Stylist: Liz Deutsch

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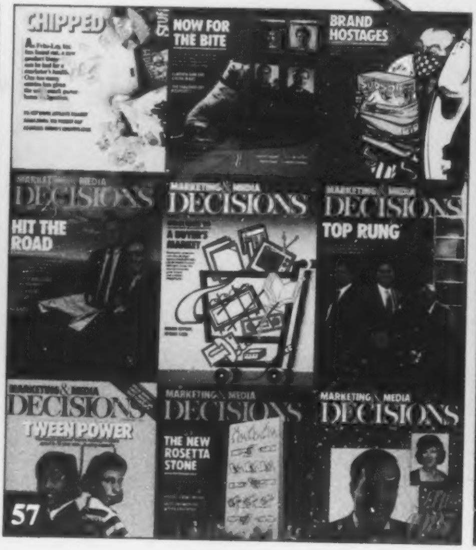

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A complex analysis of the relationship between a brand's advertising and promotion expenditures and its market share and profit is clarified, and our new-product/line-extension debate generates a comment.

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ECONOMIC EYE 124

One co-op agency predicts the technique will far outpace all other local media in growth in 1988. Also, a magazine-spending update and the Media Cost Index.

ON THE DOCKET 126

California's Proposition 65 is creating troublesome rumbles for advertisers. With this legislation, following federal labeling requirements may not be enough.

LAST WORD 128

When the Big Three tv networks ruled, life was simple for agencies and advertisers. No more. Eugene Secunda considers the rise and fall of network television.

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People meters' qualitative promise has been buried by the ratings debate.

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How important is brand image? The California raisins offer a dramatic example of what a little image can do.

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The bulk-circulation compromise moves those numbers to page one of the audit sheet but keeps them separate from paid figures..

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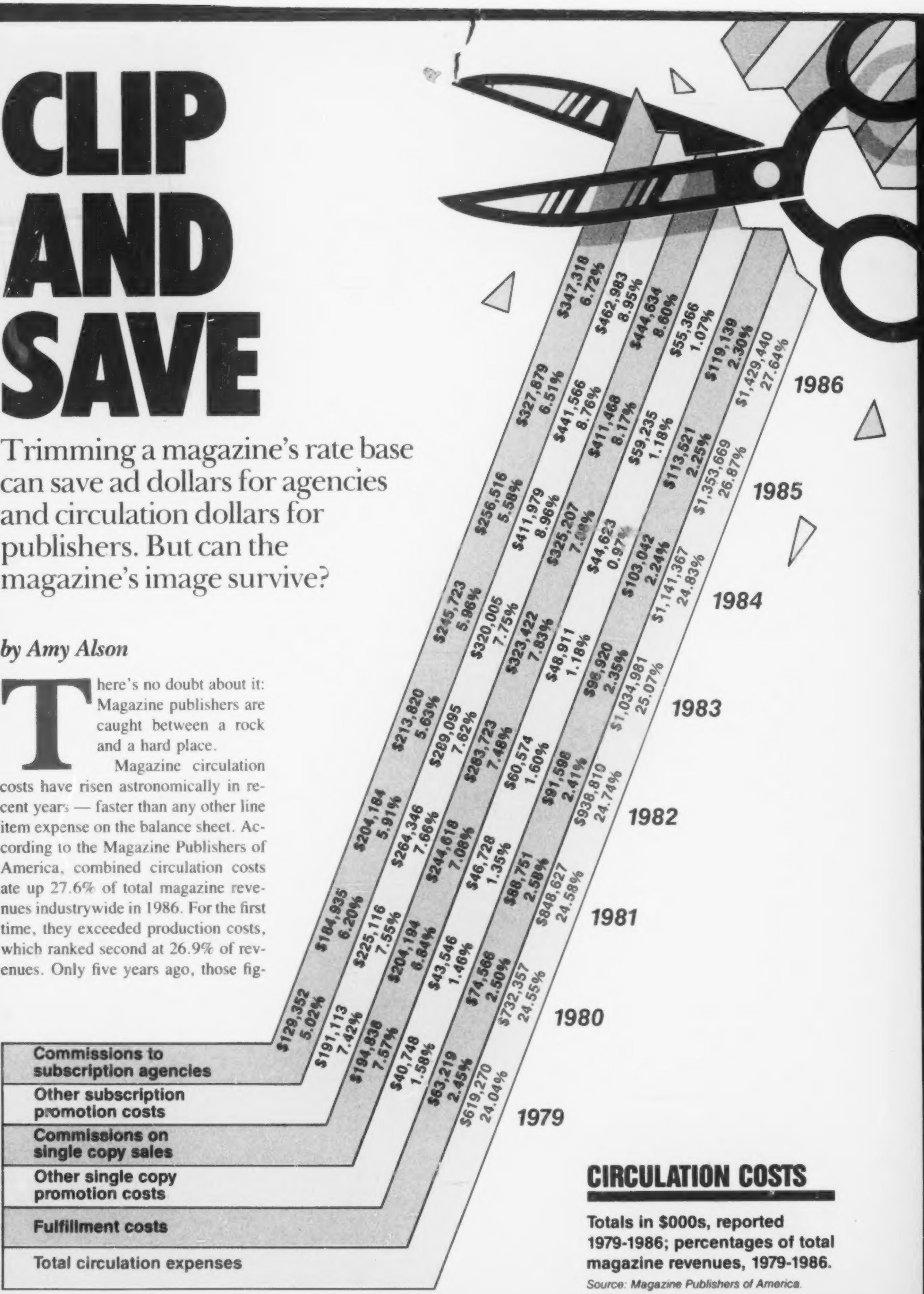
CLIP AND SAVE

Trimming a magazine's rate base can save ad dollars for agencies and circulation dollars for publishers. But can the magazine's image survive?

by Amy Alson

There's no doubt about it: Magazine publishers are caught between a rock and a hard place.

Magazine circulation costs have risen astronomically in recent years — faster than any other line item expense on the balance sheet. According to the Magazine Publishers of America, combined circulation costs ate up 27.6% of total magazine revenues industrywide in 1986. For the first time, they exceeded production costs, which ranked second at 26.9% of revenues. Only five years ago, those fig-



CIRCULATION COSTS

Totals in $000s, reported 1979-1986; percentages of total magazine revenues, 1979-1986.

Source: Magazine Publishers of America.

DAVE FLAHERTY

O&M's Lanzano takes a case-by-case approach.

Cutting **Digest** *circ was "agonizing," says Gordon.*

Some publishers mail monthly, notes Capell.

ures stood at 24.6% for circulation costs versus 32.4% for production.

But these costs are particularly difficult to rein in, because they lie at the heart of their business. The audited number of copies sold on newsstands or by subscription is valued by agency media departments as the best measure of committed readership. A common perception is that health equals growth in audience and paid, audited circulation is a more sound measure of growth than total readership figures, which include pass-along and out-of-home readers.

Today, paid-circulation growth comes at a high price. Snaring subscribers beyond a magazine's natural level inflates circulation costs without adding real value to the advertising buy, publishers say. Those inflated circulation costs inevitably show up in a magazine's advertising page rates.

Some magazines have no choice — the competition in their category demands that they battle it out with plus percentage signs. But others are taking steps to try and work around the problem. *European Travel & Life* is adding controlled circulation to its base, in part to put a lid on reader acquisition costs (see sidebar). Still others are examining what happens to magazines that actually lower their circulations.

Strategic cuts in guaranteed rate bases aren't a new idea; they are common in repositionings and are sometimes used to give a boost to sagging demographics. What may be changing, rather, is agencies' willingness to accept the practice on a wider scale. The prevailing attitude toward such moves remains one of wariness, but print people at agencies no longer automatically assume the worst.

One print specialist who liked to hear that a magazine was cutting the fluff out of its numbers is Doug Hochstadt, former media supervisor at J. Walter Thompson, New York. (At press time, Hochstadt had left JWT to join Clairol as an associate product manager.) "But they have to tell why" and tell it well, Hochstadt cautions. It's incumbent on the publisher to make sure his or her salesforce does a good job of explaining to the advertising community why circulation has been reduced, he says. To appraise such a move, he advises print planners to check immediately to see if the book had been meeting its initial circulation guarantee, and he recommends checking renewal rates to see if the remaining subscribers really want the magazine.

The decision to trim circulation will never be an easy one for publishers. Two years ago, when *Reader's Digest* cut its gargantuan circulation by 8%, or 1.5 million, to 16.25 million, publisher Kenneth Gordon recalls, "We spent months agonizing over it. It was clear that the last 1.5 million readers were not as committed, and they were expensive to keep." He estimates it costs twice as much to attract and hold the less committed readers.

Other publishers have since followed the *Digest*'s lead, though not in droves. *TV Guide* cut its huge rate base substantially six months after the *Digest* did, and several magazines cut back circulation when they initiated redesigns. Among them are *House & Garden*, successfully repositioned in 1983, and, effective with the March issue, *Changing Times*.

David Lehmkuhl, senior vice president and group media director at N W Ayer Inc. in New York, sidesteps his skepticism regarding rate-base cuts and condones *Changing Times*' decision to cut its rate base to 1 million, from 1.3 million, while simultaneously doubling its subscription price to $18. "I can see where it's going. Over the past two or three years, *Changing Times* has tried to change its editorial and graphics to be more hip," says Lehmkuhl, and that has helped lower the median age of its readers to a range more attractive to advertisers. The cut in rate base will help sift out the older subscribers who are dragging down the magazine's demographics, he says.

Yet many publishers fear that media buyers still perceive such cutbacks as a withdrawal from the market in defeat, rather than as good cost management. Their fear is justified.

Among the toughest to convince is Lehmkuhl. *Changing Times* aside, he supports the general perception of rate-base reductions. "I think people do it when they are up against the wall and can't make rate base and nothing else works. It's a last resort." Lehmkuhl

Hearst's Miller looks for a natural limit.

Exceptions aside, Ayer's Lehmkuhl is wary of cuts.

To U.S. News' Harris, the number is less relevant.

adds, "Even if *Time* were to do it . . . the first reaction would be, 'What's wrong?' "

Steve Lanzano, associate media director at Ogilvy & Mather in New York, agrees that a pruned rate base "would make me stop and wonder: Why aren't people reading it any more? The initial reaction will be negative, there's no doubt."

Lanzano does say he takes a case-by-case approach. "If they cut the base and it doesn't affect readership, maybe they just cut out fringe." Yet he remains suspicious and advises publishers, "Don't cut the rate base to save us money if, when you cut back on premiums, your demographics change." Also, he admits, it would take one to two years and two to three waves of syndicated research to convince him that a magazine is meeting a new rate base.

While such attitudes naturally put a chill in the heart of any publisher considering trimming his or her numbers, they can take solace in the fact that the pressure to continually grow may be lessening. Two decades ago, *Life, Look* and the *Saturday Evening Post* were under constant pressure to grow, because they depended heavily on ad revenues based on cost per thousand to cover costs.

By contrast, John Veronis, chairman of Veronis, Suhler & Associates, publishing industry financial consultants and financiers, says most magazines' incomes are more balanced today than 20 years ago. Today, readers account for at least half of industry revenues, he says. "The industry is not driven by ad revenues as much so magazines can afford to hold the rate base to a truer level of demand."

Mark Miller, executive vice president and general manager of Hearst Corp.'s magazine division, claims his company doesn't let a magazine's circulation exceed its natural setpoint. "Our philosophy is not to go after every reader available," he says.

In the mid-1970s, Hearst retrenched circulation at several of its magazines. Access to more information about readers through syndicated research enabled the publisher to discover who and how many people really were reading its magazines. "We cut some, grew others, to find [each magazine's opti-

TAKING CONTROL

Can a consumer magazine cut circulation costs, improve demographics and still show dramatic growth? Some are trying by adding controlled circulation to augment their numbers. Agencies, however, are cool to this option.

Controlled circulation are copies mailed free to specified individuals. The Audit Bureau of Circulation reports it as unpaid and requires that publishers qualify controlled readers (provide evidence that these people *want* the magazine) every three years. Most advertisers want controlled readers qualified annually.

"If they can show that it was requested, then it wouldn't bother me," says associate media director Steve Lanzano of Ogilvy & Mather. But he is suspicious of added controlled circulation and would question whether the magazine was meeting its paid rate base. "I'm not sure that cutting fringe readers out of the rate base isn't better as a way to curb circulation costs," Lanzano says.

Most recently, Murdoch Magazines added 100,000 controlled readers to the circulation of *European Travel & Life,* as of the January/February issue. Then publisher Gabriella Neurath assured advertisers that *ET&L*'s control list includes only the most desirable readers. They were selected from the files of Murdoch's *Travel Weekly,* a trade for travel agents, and UCCEL, a hotel reservations system.

But one associate media director with a client that has advertised in *ET&L* for years says, "I'm not happy with it. They raised advertising page rates commensurate with the total circulation increase."

Though long an effective targeting technique in trade publishing, media experts and most publishers doubt that supplemental controlled circulation is an emerging trend as a money-saving strategy on the consumer side. Moreover, they hope it won't gain popularity. Says Lanzano, "If a person pays for a book, they're going to read it. That's the bottom line." ■

mal] level of primary readers with good demographics," Miller says.

Hearst's *Good Housekeeping* was among the first magazines to prove that cutting rate base could work favorably. In the mid '70s, it dropped guaranteed circulation to 5 million from 5.6 million. A source close to the company says that the adjustment in circulation contributed to a resounding financial success: By 1975 *Good Housekeeping*'s net operating profits had soared 900%, to $13.5 million, from $1.5 million in 1973. In 1987 the magazine netted $60 million at the same rate base. From a print buyer's point of view, demographics improved, renewals remained strong and *GH* delivers a sizable bonus circulation beyond its base.

Such bottom-line results are enough to give both agency planner/buyers and publishers pause. Increasingly, buyers will consider *any* strategy that could hopefully save their clients money.

Taking a longer view, Lehmkuhl comments, "Probably many magazines should cut back." One of his own clients happens to be *TV Guide*, and he says that both *TV Guide* and *Reader's Digest* had grown too big to maintain their circulation efficiently, and that their past record-setting cuts in rate base were good for the business.

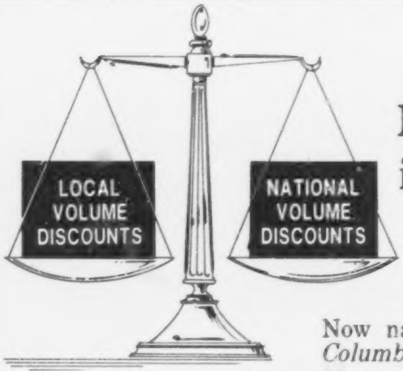
If negative first impressions are daunting to publishers, so is the reality of circulation costs. The average cost of a mailing to solicit subscriptions is $300-$350 per thousand. That average has risen modestly in recent years, about $5 or $10 per thousand annually. The real bad news is that many more mailings are required to sell a subscription, according to Dan Capell, president of Names in the News, a mailing-list supplier.

"There's no question that magazines are mailing to more people and more frequently," Capell says. "It used to be that they'd have mailings in July and December; now it's four times a year, or even monthly."

"For some magazines, the cost of circulation is going up dramatically," says Mark Edmiston, former president of Newsweek Inc. and currently chairman of *The Cable Guide*, a magazine distributed by cable operators to their subscribers. And, as he explains the process, "you have to reach further to get them, so it costs more."

"The cost of selling subscriptions remains relatively stable up to a certain point, and then it mushrooms," says Harry Myers, senior vice president and publisher of *Scientific American*. "But when you come off rate base, you must consider how much advertising you lose as a result." It's not as though people can "only manufacture the bullets that hit targets and not make the ones that miss," Myers says.

Still, to many, it's worth the risk. "I don't think there's anything sacred about a rate base," adds William Harris, executive vice president of *U.S. News & World Report*, which has held its rate base at 2.05 million for years. "It's a much less relevant number now than it used to be." Syndicated research can help publishers identify the committed readers and can guide them in making a cut. As both Harris and Myers say, finding a magazine's most profitable circulation level "is what publishing is all about."



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AMERICAN CANCER SOCIETY

Help us keep winning.

BRAND REPORT

No. 150: Hair Coloring

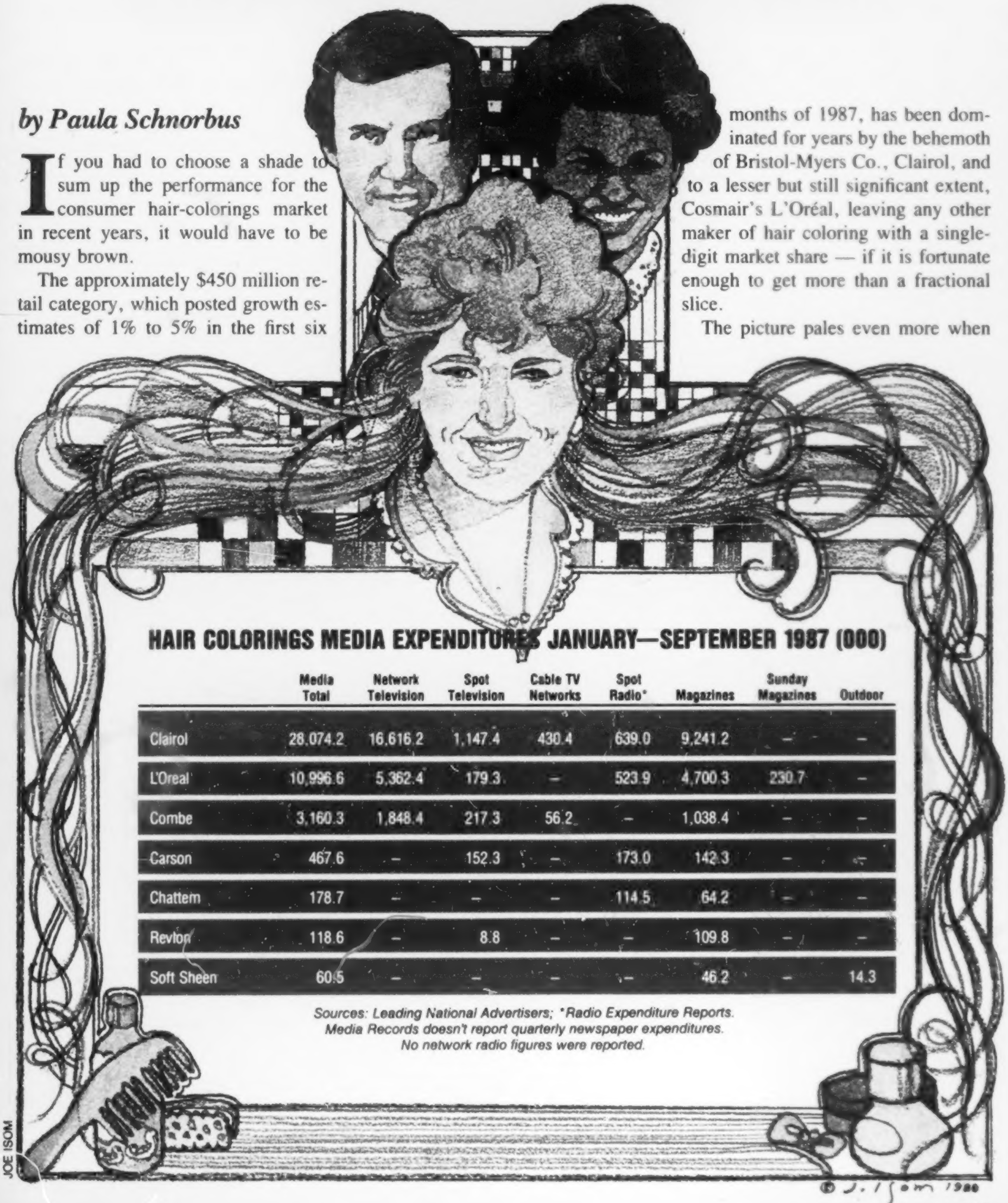
GREY MATTERS

by Paula Schnorbus

If you had to choose a shade to sum up the performance for the consumer hair-colorings market in recent years, it would have to be mousy brown.

The approximately $450 million retail category, which posted growth estimates of 1% to 5% in the first six months of 1987, has been dominated for years by the behemoth of Bristol-Myers Co., Clairol, and to a lesser but still significant extent, Cosmair's L'Oréal, leaving any other maker of hair coloring with a single-digit market share — if it is fortunate enough to get more than a fractional slice.

The picture pales even more when



JOE ISOM

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HAIR COLORINGS MEDIA EXPENDITURES JANUARY—SEPTEMBER 1987 (000)

	Media Total	Network Television	Spot Television	Cable TV Networks	Spot Radio*	Magazines	Sunday Magazines	Outdoor
Clairol	28,074.2	16,616.2	1,147.4	430.4	639.0	9,241.2	–	–
L'Oreal	10,996.6	5,362.4	179.3	–	523.9	4,700.3	230.7	–
Combe	3,160.3	1,848.4	217.3	56.2	–	1,038.4	–	–
Carson	467.6	–	152.3	–	173.0	142.3	–	–
Chattem	178.7	–	–	–	114.5	64.2	–	–
Revlon	118.6	–	8.8	–	–	109.8	–	–
Soft Sheen	60.5	–	–	–	–	46.2	–	14.3

*Sources: Leading National Advertisers; *Radio Expenditure Reports.*
Media Records doesn't report quarterly newspaper expenditures.
No network radio figures were reported.

Nice'n Easy
Nice'n Easy
MISS CLAIROL
MISS CLAIROL
MISS CLAIROL
EXPERT LONG LASTING COLOR
PAZAZZ
PAZAZZ

"Queen" Clairol corners the consumer hair-coloring market.

one considers that the last 20 years haven't been great for hair colorings. No one would be caught dead dying their hair in the 1960s. Then the 1970s actually brought a death scare when the Food & Drug Administration (FDA) called for warning labels on hair-coloring packages and warning posters in salons. The message: An ingredient in permanent hair colorings caused cancer in animals.

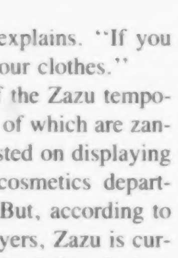
The marketers sued the FDA, and the problem was remanded back to the agency to determine the personal risks for users. Nothing has been done by the FDA since then, and a spokesman says, "There are only so many things we can do, and our resources are nonexistent." He believes that some makers have removed the chemical under suspicion, although there isn't any watchdog to check. Still, says Steve Ellwanger, managing editor of *Chain Drug Review*, "There is a hangover because of the chemical scare."

In 1986, a streak of light in the form of streaks made by new temporary or special-effect hair colorings pushed the consumer industry up 9% to $430 million. The products were introduced to appeal to younger people who would hopefully be hooked into buying coloring products at an early age.

Trendy colors were pitched to appeal to a younger person's sense of fun, but a year later, the offbeat colors that appalled parents weren't making the headway marketers had expected. Ken Chochol, health and beauty aids buyer at Pontiac, Mich.-based Perry Drug Stores Inc., points to Colorific's faddish colors and says the product "died a fast death." The market share of Colorific, the Vidal Sassoon gel that offered "bright, bold" colors, was 3.5% in 1986 but by the first half of 1987 had washed out to 0.6%.

In addition, says Vicki Weber, analyst and assistant vice president at Merrill Lynch, temporary color mousses also flunked. "The stuff is really gooey," she explains. "If you get wet, it gets on your clothes."

Zany temporary hair colorings' popularity was in fact temporary.



L'Oréal, maker of the Zazu temporary hair dyes, some of which are zanily colored, had insisted on displaying the product in the cosmetics department of drugstores. But, according to various drugstore buyers, Zazu is currently switching to the hair-colorings section because it didn't fare well in the cosmetics department.

The majority of hair-coloring sales come from chain drug stores, both because consumers are accustomed to purchasing them there and because the outlets give over the amount of space needed to display full color and product lines. Prices range from under $2 for promotion-backed brands to near $15 dollars for complete haircare-and-coloring kits. As the supermarket becomes more and more of a one-stop shopping experience with expanded personal-care departments, some predict they will begin to account for a larger share of hair-coloring sales.

Statistics compiled in spring 1987 by Mediamark Research Inc. show that permanent hair colorings have the greatest use at home by women between the ages of 35 and 54. In addition, MRI reports that women from 18 to 24 use more bleach or lightener, as do single women. Frost, tip and streak kits also are popular in that age group and in the South.

MRI also reports that those who use lots of hair coloring watch lots of television. Newspapers were their second most popular medium. Magazines came in third, just over the average. (See "Brand Report Index," pg. 129.) LNA shows ad dollars are concentrated in tv and magazines among its measured media, but Media Records reports no ad dollars for the featured product lines were invested in newspapers in 1986.

Ads focus their message on three product attributes: improving appearance, covering grey hair and boosting a woman's self-image. The majority of ads are aimed at the mid-30s to early-

40s woman, though MTV-like spots celebrate the newer, jazzier products, and the older end of the market also is addressed.

The MRI stats also show that black women use more permanent colorings, bleach and lightener. Rocky Piccirillo, vice president, of Beauty Enterprises, a Stamford, Conn.-based distributor of black beauty products, says black hair-coloring products account for a small percentage of the ethnic beauty products business, but the category is growing. At the end of last year, Carson Products' Dark & Lovely had a 70% share of the black hair-coloring products market, Soft Sheen's Color Accents had 15% and Revlon's Creme of Nature was at 5%.

Revlon's position comes despite a problem unique to that company. In 1986, Irving Bottner, president of Revlon Professional Products Group, reportedly commented to *Newsweek* that black companies in health and beauty aids would succumb to white companies and sell off their holdings. Black-owned companies historically have been smaller and lacked the distribution muscle of many white-owned companies.

In response to Bottner's comment, Jesse Jackson's People United to Save Humanity organized a boycott against Revlon products. One knowledgeable source says, however, that brand loyalty is high among blacks, and sales have even risen in some of Revlon's black beauty products.

Men have been brand loyal to Combe Inc.'s Grecian Formula 16. In 1986, according to Packaged Facts Inc., the gradual way to wash away the grey had almost three quarters of the men's hair-coloring market at 72%. However, men who wanted to wash that grey right out of their hair were able to do so last July with a new entry from Combe called Just for Men, a shampoo-in product. According to MRI, 7.5% of men color their hair, and usage of permanent and temporary dye extends from men aged 35 to 64. Household incomes, which seem to have nothing to do with hair-coloring usage, range from $15,000 to more than $50,000 a year. More married men who are employed full time dye their hair, backing a Combe survey that says men color their hair for socioeconomic and family related reasons.

Victoria Wurdinger, senior editor of *American Salon*, says salon coloring for men was growing at about a 5% rate last year to approximately $133 million, but men are more inclined to color their hair at home "instead of in front of 10 people."

While the home hair-coloring market for women moves along slowly, baby boomers helped push women's professional salon coloring services to $3 billion last year, up nearly 9% from 1986. Pamela Bobit, editor of *Salon Trends*, adds that "Baby boomers never thought they would grow up. They will be coloring their hair when they're 90," she says. "Coloring their hair is like brushing their teeth, but they won't risk looking like a jerk" by dying their hair themselves.

DON'T JUST IMPROVE YOUR HAIRCOLOR.
IMPROVE YOUR HAIR.
FREE
CREME OF NATURE

Revlon maintains a small black market share despite a boycott.

The only market-share figures available for consumer hair colorings were supplied by Merrill Lynch, using Towne-Oller & Associates' data. Shares are based on shipments from warehouses to supermarkets and show that, for the first six months of 1987, Clairol had a whopping 67.6% share; L'Oréal had 25.8%; Revlon, 3.4%; and Chattem Inc.'s Sun-In, 2%.

Bristol-Myers

It's a wonder Clairol never called one of its products "Queen Clairol," considering the company is not so far away from cornering three quarters of the hair-coloring market.

The process began more than 50 years ago when Clairol introduced its first salon coloring product with the deceptive name, "Instant Clairol Oil Shampoo Tint." Clairol was able to change a person's hair color, and it also changed the image of hair dying from raunchy to respectable. For 20 years, Clairol sold strictly to salons, but in the 1950s, the company decided to launch Miss Clairol in the retail market.

Miss Clairol, the first one-step permanent hair coloring, continues to be Clairol's flagship. The recently repackaged brand is increasing its advertising schedule this month and next to support a free curling-iron promotion. The promotion is being announced next month in free-standing inserts in Sunday newspapers. Couponing will be used as well as the usual day and nighttime tv advertising.

Clairol has developed dozens of different coloring products for both white and black women and even men. The various strengths range from permanent to temporary, and brands include Loving Care, Nice 'n Easy, Summer Blonde, Clairesse, Born Blonde, Pazazz and Ultress, many of which have line extensions. The latest are Pazazz Sheer Haircolor Wash and Ultress' burgundy shades which ("a fashion accessory"), obviously haven't been pushed by the yellow-haired actress and Ultress pitchwoman Linda Evans. A Clairol spokeswoman explains that Ultress is a more upscale product, sophisticated in its packaging and advertising. Even the gel formula is said to be "very rich" when it is mixed, meaning it doesn't drip.

The Pazazz line, described as "young, fun [and] temporary," made its debut in April 1986 with Pazazz Gel and Mousse. Clairol's first venture into that market found the company setting up portable video units near store hair-coloring displays. The video depicted hair styles based on rock stars. A spokeswoman says the company "knew (the campaign) had to be image driven." There were also video club nights where Clairol threw Pazazz hair-coloring parties. Clairol also promoted the product through the MTV Music College tour, going into student unions and styling hair for free. This year, Pazazz joins the MTV Museum of Unnatural History Tour.

Pazazz's line extension that debuted in August, Pazazz Sheer Color Wash, is being promoted with teaser book samples of the Loveswept series of Bantam Books. The strategy, says a Clairol spokeswoman, is to return to romance, "changing your hair as you change your mood." Three ficticious sisters are featured in the books to represent three different Pazazz colors. The target audience for the new products is the 15-to-24 age group.

But women with grey hair make up the biggest part of Clairol's market, and the company likes to report that baby boomers are greying. Loving Care, which simply covers the grey without changing hair color, adopted a new ad theme at the end of 1987, "Grey hair or Loving Care? . . . The choice is yours." To kick off the campaign, Clairol offered Cadillacs to match the winner's hair color and $500 wardrobes. The Choice is Yours contest will be advertised in free-standing inserts in Sunday newspapers next month.

Clairol is famous for its memorable ad copy, such as "The closer he gets, the better you look"; "It lets me be me"; "You're not getting older, you're getting better"; and the question that started Clairol's consumer ad campaign, "Does she. . .or doesn't she?"

Clairol's media plan generally consists of 30-second tv spots and ads in women's service and beauty and fashion magazines. LNA reports that for the first nine months of 1987, about $27.4 million was spent on advertising, the bulk of which was in network tv. About $639,000 was spent on spot radio, according to Radio Expenditure Reports. Grey, DDB Needham and Gleckler & Co. are Clairol's agencies.

L'Oréal

L'Oréal would like to be the most expensive hair coloring on the market. "At L'Oréal, we believe that a way to communicate top quality is through pricing," says Helen Mukhtar, director of marketing for hair color. This is reflected in the advertising over the years, which has featured a gorgeous woman saying it was okay to spend the extra money on L'Oréal, "because I'm worth it."

The target woman is "always looking for something a little bit special," explains Mukhtar. Of course, such a woman would feel comfortable with the L'Oréal image, which is more sophisticated or glamorous, says Mukhtar. Cybill Shepherd has been the spokeswoman for Preference, the flagship brand, for nearly two years.

Preference is getting some new shades of "warm and pink blondes" and also a black shade, which is a "true fashion statement," reveals Mukhtar. These will be promoted in print advertising in late spring or early summer. A promotional tool L'Oréal has been using is a cosmetic gift with a purchase of Preference. A foundation makeup was given away last year, while mascara was in the package a year earlier.

L'Oréal wants to have the most expensive hair coloring.

L'ORÉAL
preference

L'Oréal's Preference is shepherded by Cybill.

Mukhtar says about $13 million was spent on advertising Preference last year. Temporary hair coloring Avantage had $2.5 million in print ad expenditures. Zazu, another temporary color, was launched with a $2 million print campaign, and the Brush-on highlighting debuted in a $3 million print and tv campaign. Nothing was spent on the Brush-on products in 1987, and Steve Ellwanger of *Chain Drug Review* warns the product "laid one big egg." Mukhtar concludes that L'Oréal spent about $18 million last year on its advertising of hair colorings, with a similar budget for 1988.

About 70% of L'Oréal's advertising is on prime-time tv, with 30- and 15-second spots on shows including *Moonlighting* (the Shepherd vehicle), *Family Ties* (featuring former spokeswoman Meredith Baxter Birney) and *Dallas*. The other 30% of ads are in women's service magazines and beauty books. Newspapers are used on a co-op basis with retailers. Neither radio nor outdoor advertising are used. McCann-Erickson is the agency.

Revlon

Revlon has a market share that doesn't quite reach 4%, even when taking into consideration the Roux product line acquired several years ago.

The over 50-year-old Roux has a more than 25-year-old product line called Fanci-Full, which runs the gamut from a rinse targeted to older women to enhance their grey hair to Color Splash gel, which skews "very young," says Lowell Harper, director of marketing, retail division, Professional Products Group.

Of Color Splash, Harper says, "We're not so happy with it. It's dif-

When you're under 25 you want to be discovered.
When you're over 40 you want to be rediscovered.
Now Fanci-full temporary haircolor will let the world discover you.
fanci-full
IT ALL COMES OUT IN THE WASH
SAVE 50¢

Fanci-Full has some fairly fanciful-looking colors.

ficult to get people to use colors." He notes, however, in the product's defense, that the colors aren't "all wild." They also have burgundy, copper and gold. "If worse comes to worse, we'll stick with the standard colors," he says. "It's not an easy marketing job, pushing a button that hasn't been pushed."

A new Fanci-Full product, X-tra Body, has been introduced. The temporary hair-coloring product is skewing a 35- to 45-year-old audience with limp, greying hair. Following target marketing of X-tra Body for the first half of 1988 in books such as *Cosmopolitan, Ladies' Home Journal* and *Harper's Bazaar*, there will be line marketing of the Fanci-Full brand.

Harper says a television test was done on the West Coast for Fanci-Full Color Styling Mousse, which skews younger, but the results "weren't as strong as we'd like."

He admits that "while we're not setting fire in the hair-color world, we're giving a different standard. People are daily people. They seem to like to put hair color on fresh. I think this will be a growing trend."

Regarding tv advertising, Harper bemoans its expense and questions the credibility of pitching a hair coloring in a 30-second commercial. "Perhaps a Clairol has built up an understanding in a commercial. Our product really needs a good, devoted period of time to explain," he says.

Revlon does sampling with two-ounce bottles in drugstores once or twice a year. They also have $2 rebates, and there will be a 50-cent coupon in magazines for Fanci-Full X-tra Body.

Harper says Revlon has been "searching and searching and searching" for an ad agency. Now they have two creative groups "that remain nameless" and in-house advertising. Merchandising Workshop, a sales promotion agency, also is used. The ad budget ranges from $2 million to $5 million.

Revlon introduced Creme of Nature, a permanent hair color for black women, in 1986. The product is geared to women 18 and older and is advertised in black magazines and newspapers and black-oriented radio stations. Outdoor and tv advertising aren't used. The product was introduced with full-cash rebates, and a spokesman says Revlon is planning on running coupons in newspapers and at point of sale. There also will be cash rebates. Merchandising Workshop handles the advertising.

Chattem Inc.

Sun-In, the Chattem product with the seemingly deceptive name — you don't need the sun to lighten your hair after you spray it on, you just need a blow dryer — recently repositioned itself. Chucking the generically named "regular" strength product, Sun-In now has new category extensions with more descriptive names, such as "Gentle Highlights" and "Natural Lemon Sun-in."

The "gentle" Sun-In is a come-on to younger, first-time users. The "natural lemon" is designed to hook the more reluctant potential user. Super Sun-In hasn't been lost in the repositioning and is still there for "someone who is older and wants more dramatic highlights," says Ron Galante, brand director, toiletries, at Chattem. "There is a lot of young usage, going from 12 to 34 and beyond," Galante says of the approximately 20-year-old Sun-In. "It's typically a younger product. Hair coloring is typically older, but you can't say it's only older. Sun-In is used long before greying."

As part of the repositioning, Chattem offered a Sun-In lightener spray-on brush for $1.50 with any purchase of Sun-In. The brush has a hollow handle with a spray pump for spritzing at the beach.

At press time, Galante was cagey about how the repositioning would be supported, but he said that in the past, Sun-In was advertised in teen and beauty and fashion magazines as well as radio and tv, "just about every media vehicle there is, including outdoor." The ad expenditures go up to about $1 million, most of which is spent in the spring and summer months, Galante reports.

Advertising is currently produced in-house with outside consultants.

Combe Inc.

Grecian Formula 16 has been letting men grow younger gracefully for 27 years with its gradual hair-coloring formula. Last summer, sensing that men were getting more daring, Just for Men, a shampoo-in hair color to quickly blend away the grey, was introduced.

Dominic De Main, vice president, group marketing director, explains that the product was introduced with the awareness that men have been looking for faster methods of dying their hair. Women's coloring products, also used by men, have to stay on the hair for 25 to 40 minutes.

Combe kicked off the introduction by releasing a survey of 1,000 middle-aged men, "an overwhelming 74%" of which agreed with a statement, "I feel that my image is important to my

day 1
day 6
day 18
day 12
YOU JUST CAN'T TELL WHO'S USING IT.

Men gradually dye their hair with Grecian Formula 16.

success." So in addition to the usual advertising vehicles used, Combe had a "strong campaign where the company decided what story would be most interesting to consumers and the press." Says a spokeswoman, "The press likes surveys." The results were presented to 300 reporters at a gathering of the Men's Fashion Association last June. Combe also does makeovers for men. De Main points out that the rate of trial for Combe's coloring products is very heavy among younger men, but there is greater usage among men over 50.

The media plan is about the same for Grecian Formula 16 and Just for Men. Tv advertising is king, done in 15-, 30- and 60-second spots. Tv spots are run on news, sports and prime-time tv to match Combe's target audience of men 35 and older, or men with grey hair, but pitching to ethnic groups isn't done. A print effort started in recent years, and ads have appeared in *Sports Afield, 50 Plus, Reader's Digest, GQ* and *Playboy*. Radio is being tested. Advertising is done in-house.

LNA reported that for the first nine months of 1987, Combe spent about $3.2 million on both product lines.

Carson Products Inc.

Carson Products' Dark & Lovely has the corner on the black hair-coloring segment. Introduced in 1971 with three permanent shades, Kenneth D. Hall, vice president, marketing, says the product wasn't successful at the time, because the hairstyles on the package weren't current. Four years later, two more shades debuted in new packaging that had a more modern approach. The various hair colors were shown on women in clothing ranging from casual to business attire to project what one would wear with the new hair coloring, explains Hall.

Now up to nine shades, Dark & Lovely is advertised mostly in tv and magazines, such as *Ebony, Essence and Black Sophisticates*. Tv spots, which are selected with information from Black Arbitron, are directed at women age 18 to 49. Hall admits that men also are using Dark & Lovely. Carson Products had looked at a potential "Dark & Handsome" product, but the company is currently concentrating on black women.

"The general trend for black women in the last couple of years has been to use more hair color and not to wait until they turn grey," explains Hall. "They use it like white women, like a fashion thing. After she has the baby, she wants to buy new clothes and change her hair color."

Carson does some in-store promotions and clinics where shoppers may participate in a hair-coloring makeover. Radio and newspaper advertising is done on a co-op basis with retailers. Lockhart & Pettus, New York, has done the creative for 13 years and was also instrumental in redesigning the packaging, says Hall.

Soft Sheen Products

Soft Sheen's Color Accents have been out for about two years. The temporary hair color rinses out after six shampoos.

Because women may want to be with friends the first time they try Color Accents, Soft Sheen recently did a "double-up" promo where two kit boxes were wrapped together and sold at a discount price. There also was a sweepstake, with a grand prize of gold necklaces with gemstones that matched the four shades of Color Accents.

The target market of black women 18 to 45 is reached through magazines, including *Essence* and *Black Hair*. An 800 number is featured for women to find out where to buy the products. Magazines account for 60% of the advertising, while radio makes up most of the other 40%, says Patricia Caldwell, assistant marketing manager, new products division. Billboards, currently just in Chicago, are used as well as co-op advertising in newspapers. Brainstorm Communications, Chicago, is the agency. ■

"When my hair told my age, I gave it an Accent!"

© 1987 Soft Sheen® Products, Inc

Color Accents™ Transparent Haircolor by Soft Sheen®.

"I started getting gray strands when I turned 34, but I didn't want to permanently color my hair. So I used Color Accents. I got warm auburn streaks where the gray used to be and it enhanced my natural color with a soft, rich tone!

COLOR Accents

PUTS THE "ACCENT" ON YOU!

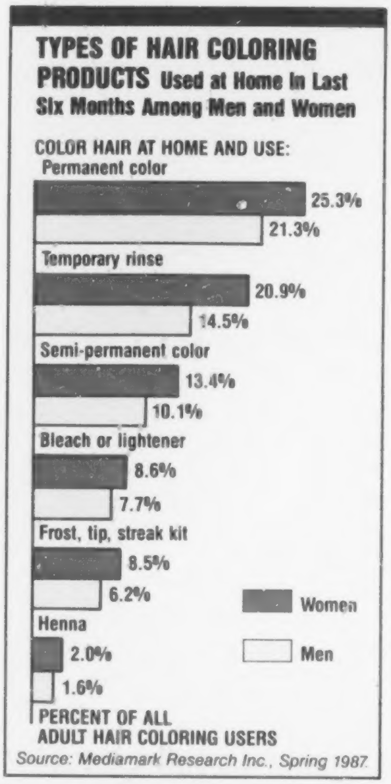
Available in four sheer shades.

Black-owned Soft Sheen markets temporary hair colorings.

BRAND REPORT INDEX

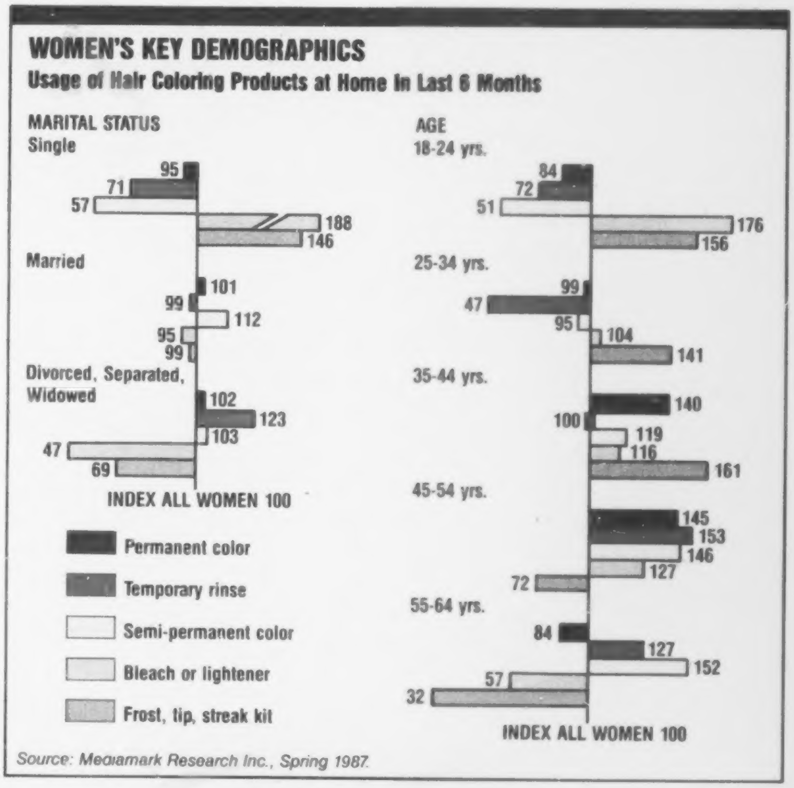
HAIR COLORINGS

How to read: An index is a ratio used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.



TYPES OF HAIR COLORING PRODUCTS Used at Home in Last Six Months Among Men and Women

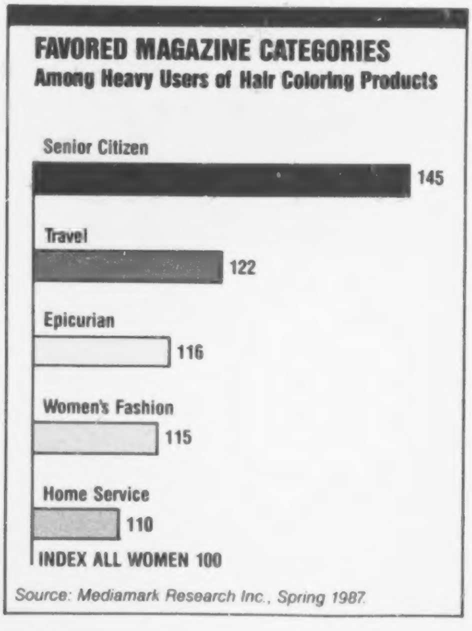
Source: Mediamark Research Inc., Spring 1987.



WOMEN'S KEY DEMOGRAPHICS

Usage of Hair Coloring Products at Home in Last 6 Months

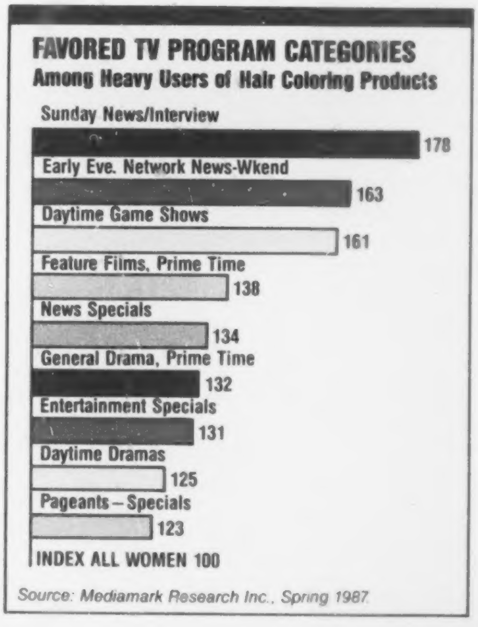
Source: Mediamark Research Inc., Spring 1987.



FAVORED MAGAZINE CATEGORIES

Among Heavy Users of Hair Coloring Products

Source: Mediamark Research Inc., Spring 1987.



FAVORED TV PROGRAM CATEGORIES

Among Heavy Users of Hair Coloring Products

Source: Mediamark Research Inc., Spring 1987.

ECONOMIC EYE

A CALL ON CO-OP

Arnold Ferber, president of Pinpoint Marketing, a major co-op firm, predicts co-op dollars will reach $8.88 billion in 1988, a jump of 11% vs. 8.9% for all other local media. One basis of his call: The number of published co-op programs has jumped from 3,500 in 1985 to an anticipated 5,000 this year.

MAGAZINE AD SCORECARD	Ad Pages Dec. 1987	% change from Dec. 1986	Dollars spent (000)	% change from Dec. 1986
1. Skin Care, Creams, Lotions and Oils	104.93	−30.1%	$ 4,262.8	−24.1%
2. Lip and Eye Beauty Products	61.34	+116.5	2,320.3	+169.5
3. Scents and Fragrances	378.08	+21.5	11,928.9	+25.9
4. Facial Makeup Products	47.26	−20.6	1,652.8	−16.6
5. Prepared Dinners and Entrees (including Pizza)	21.37	−14.2	1,872.7	+11.1
6. Liquor	762.17	−1.3	30,217.2	+2.0
7. Cigarettes	507.04	−8.4	25,024.6	−11.5
8. Soaps and Detergents	52.17	−19.0	3,542.9	−18.0
9. Passenger Cars, Domestic	441.82	+3.4	22,870.9	+.3
10. Passenger Cars, Imported	669.18	+28.9	27,691.0	+22.7

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100

1987

	Mar.	% change	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change
Network TV																
Daytime	88	−8	92	−6	92	−6	95	−1	98	−5	85	−11	83	−11	97	−6
Nighttime	112	+7	99	+8	110	+6	112	+3	109	+2	113	+5	106	−0	110	+6
Spot TV																
Prime time	131	+13	134	+16	136	+14	130	+9	138	+10	126	+4	124	+18	–	–
Daytime	108	−0	116	+11	118	+8	104	−1	108	−4	117	+7	102	+3	–	–
Network radio	126	+11	116	+4	116	+2	114	−1	102	−0	104	−1	106	+2	122	+6
Spot radio		→	←		98	+3		→	←		103	+1		→	–	–
Consumer magazines	110	+4	109	+3	109	+3	109	+3	109	+3	109	+3	109	+3	109	+3
Natl. Sunday mags	103	+11	103	+11	103	+11	103	+7	103	+7	113	+7	118	+14	106	+12
Business publications	111	+5	111	+5	111	+5	111	+5	111	+5	111	+5	111	+4	112	+5
Newspapers	116	+8	116	+8	116	+8	116	+7	115	+7	115	+7	115	+7	115	+6
Outdoor	111	+6	114	+6	114	+6	114	+6	114	+6	114	+6	114	+6	118	+12

Notes: Percentage shown is relative change from the same month/period the year before.

1985 = 100

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

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MARKETING & MEDIA DECISIONS

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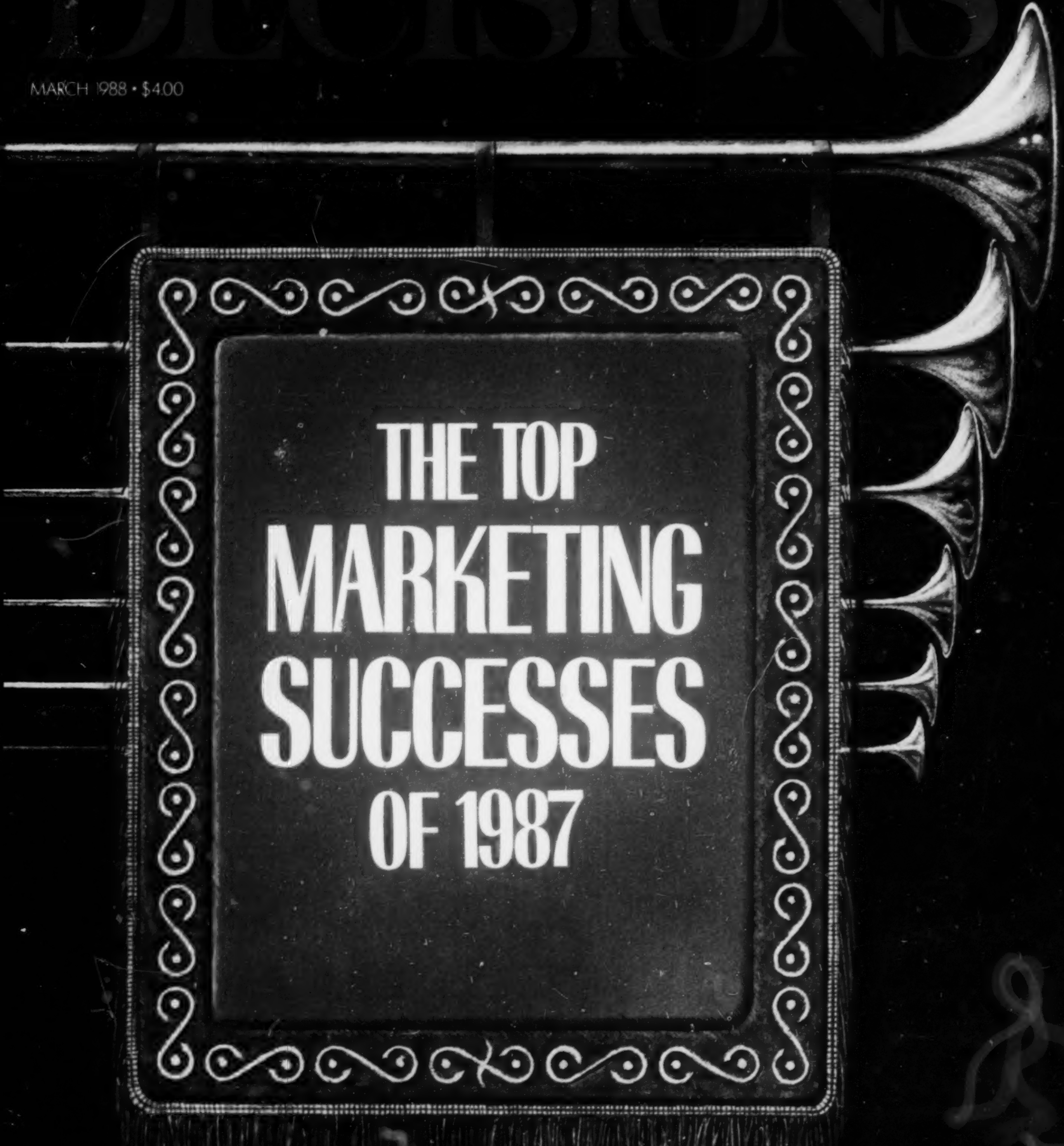

THE TOP MARKETING SUCCESSES OF 1987

MARKETING & MEDIA DECISIONS

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Let the fanfare sound for the Top Marketing Successes of 1987.

FAST FOOD: McDONALD'S 38

Ronald's big grin continues to be justified. The fast-food favorite was fast on its feet in 1987, adding new customers to its burger base with a salad line and Mac Tonight. The result: yet another increase in market share.

AUTOMOBILES: SUZUKI SAMARAI
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Wheeeee! Suzuki has defied all doubters and made its little jeep-like funmobile into a big success. Now come plans to make the fun last. Also honored: Ford Motors, whose quick pace crosses all model lines.

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Inmac
BUD LIGHT

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NIKE
AIR
Kellogg's
OAT BRAN ENRICHED
NUTRIFIC
Multi-fiber cereal with almond-covered raisins and almonds
MAKES NUTRITION TASTE TERRIFIC
Paramount
Gulf + Western Company

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Cover illustration by Doron Ben-Ami

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WITH FANFARE...

It's time to unfurl the flag, blow the trumpet and announce the year's Top Marketing Successes. This year, our lineup features some of the best-known corporate names in America.

That's one of the things that distinguishes 1987's winners from previous years. Usually, we have a couple of "mega" companies on our list and a good sprinkling of the smaller, more entrepreneurial ones that tend to be the market shakers. But in 1987, at least, it was truly the market leaders who defined leadership.

Frankly, it was a dull year. A majority of marketers continued 1986's sideline sitting, and while they introduced plenty of "new" products, most of them were fairly tame line extensions. New flavors, packages, sizes: they're the stuff that may be good for the overall brand but hardly the kind of things you polish the crown for. While this has often been a tactic of larger, hedge-your-bets marketers, even the smaller, more innovative companies copied this stance in 1987.

This was surprising, because when you look at the big picture, things were rather good. The economy continued to chug along, the new tax law promised to put more dollars into corporate coffers and consumers were still waving their plastic enthusiastically. Though the stock market thud certainly put a damper on things, it didn't occur until October, too late to affect 1987 plans. The deficit and the pace of "unfriendly" acquisitions, which have been blamed in the past for corporate caution, were really not any better or worse than they have been for the last three years.

So what was the problem in 1987? Maybe it's that the price of entry for something really bold has just gotten too damn high. Getting shelf space has become an expensive nightmare. Add on the cost of advertising and promotion, and a $25 million marketing budget is probably conservative. That's not counting what it actually costs to produce the product, or whether it will indeed tickle the capricious consumer's fancy.

Thank goodness our winners were not daunted by these obstacles and showed their moxie in 1987. As usual, we had a couple of tough calls in several categories. To separate the winners from the runners-up, we went first to our basic criteria. To award the accolade Top Marketing Success, we consider only companies or brands that increased their market share in a meaningful manner; turned around a fading position through use and execution of a canny marketing strategy; introduced a major new product that had a beneficial impact on the company, bested the competition or kept rivals at bay; or accomplished some other marketing objective, such as consistently remaining at the top of an industry, regardless of business conditions.

With these objectives, we fanned out to uncover who was the best in 1987. We polled readers, industry analysts and specialists. Then the editorial staff weighed the merits of one potential honoree against another. Armed with good research, we then made some subjective judgments.

Several of our 10 winners (and two runners-up) were already on top of their industries and in 1987 made moves that strengthened their grip.

For example, Kellogg has long been the leader in the cereal business but had a reputation for being old-hat. Well, read how the company opened up the hottest new segment in the business — adult cereals — and the roles innovative technology and advertising have played in that success.

By the same token, Anheuser-Busch made itself the obvious choice in the alcoholic-beverage category. The brewer has long reigned as "The King of Beers" but had its castle shaken in 1987 by a scandal that saw many of its top executives exiled. Nevertheless, barely skipping a beat, its Budweiser brand family soared, thanks to some grass-roots marketing and a canine character named Spuds.

On the other side of the coin, take a look at how Suzuki and Carnival Cruise Lines have shouldered aside the competition to make places for themselves. Or how Nike Inc. has essentially bet the company on its new Air line of athletic shoes.

The Marketing Success issue is one of our favorites, because we get to see and assess ingenuity at its best. This year was no exception. Though the field may have been narrower, our winners stand out, even under endless scrutiny. We applaud them and say, let the fanfare sound! ■

VEG OUT!

Salad days and Mac Tonight join burgers and fries to push McDonald's share to a new high.

by Joe Mandese

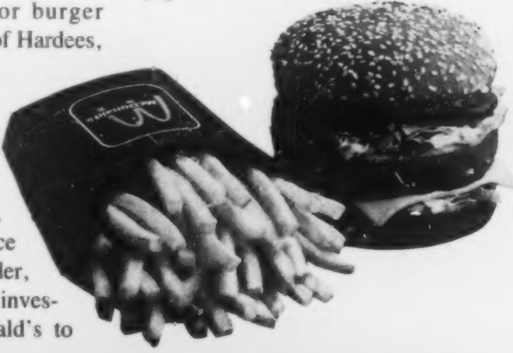
You probably never thought there'd come a day when vegetarians had a reason to go to McDonald's — an eatery that evokes the image of "two all-beef patties, special sauce, lettuce, cheese, pickles, onions on a sesame seed bun." For that matter, it was equally difficult to imagine that one of the hottest ad campaigns of 1987 would be a McDonald's spot featuring a piano-playing moonhead singing an updated version of "Mac the Knife."

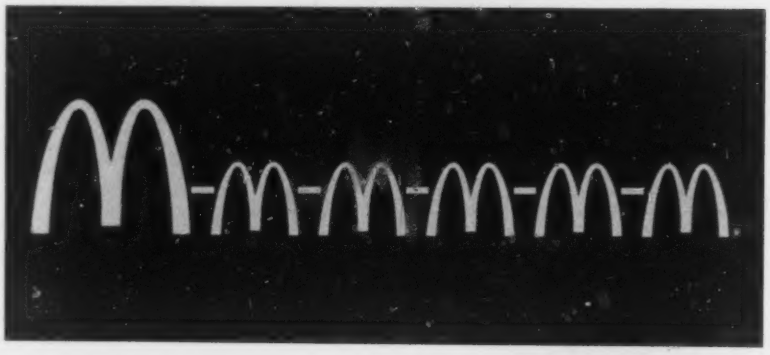
Yet these and other equally remarkable events came to pass for McDonald's in 1987, a year when the normally conservative marketer had great success breaking rules and bucking trends. Though McDonald's could arguably be characterized as a marketing success story in just about any year, the fast-food champ clinched 1987 by bucking the industry's most significant trend: flat or declining sales.

"The industry environment continued to be weak throughout 1987, and McDonald's continued to be an extraordinarily consistent and strong performer," effuses Jay Freedman, a restaurant industry analyst for Kidder, Peabody & Co. "They in essence took advantage of the weakened environment to pick up market share versus the rest of the fast-food segment."

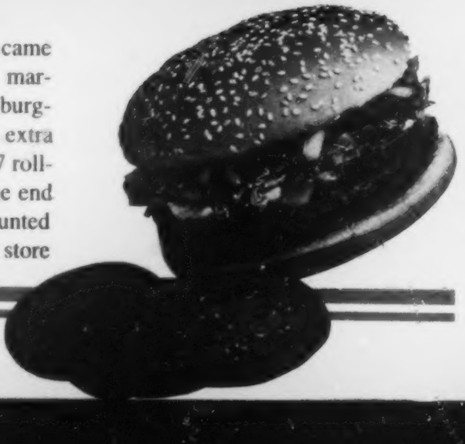
Share gains indeed. According to *Nations' Restaurant News'* 1987 "Top 100 Chains" report, McDonald's upped its already dominant market position by nearly two share points in the past year to 47.5% of the entire burger segment. All other major burger chains, with the exception of Hardees, were either flat or down.

As the rest of the burger industry went cold, McDonald's increased its systemwide sales by about 28% to $14.1 billion. Also, despite the poor peformance of restaurant stocks, Kidder, Peabody's Freedman says investors can count on McDonald's to produce a 6% real-growth rate.





While most of that growth came from the consistent, aggressive marketing of its staple product line of burgers, fries and soft drinks, the extra boost came from the chain's 1987 rollout of prepackaged salads. By the end of nine months' time, salads accounted for a very crunchy 7% of average store



MICHAEL L. ABRAMSON

McDonald's David Green (left) and Leo Burnett's Jerry Conner savor the taste of salad success.

sales nationwide.

"[Salads] did not cannibalize on existing product lines and, in fact, may bring in new people," notes Joseph Doyle, an analyst with Smith Barney, Harris Upham & Co. According to industry analysts, about half of McDonald's salad business came from incremental sales. Moreover, unit volumes for McDonald's other product lines performed as well or better than salads. In other words, customers not only bought the Big Mac and fries, they added a salad to the repast.

The introduction of salads clearly was the single most important marketing development for McDonald's in 1987. "They were once again first to recognize what consumers wanted and first to figure out how to deliver it conveniently while maintaining quality and cost controls," explains Tom Frank, a partner and principal of The New England Consulting Group (NECG), Westport, Conn.

Indeed, the idea of offering salads was no great marketing innovation. Everyone from the corner food store to taco chains have been playing upon the public's supposed interest in less fatty, more healthful meals. But the way in which McDonald's does its lettuce-and-tomato run is quite different from other folk. Instead of jumping into the messy salad-bar business, as its competitors have over the past few years, McDonald's spent its time testing salad-bar alternatives. And by the time it was ready for the national rollout of prepackaged salads, the climate was absolutely perfect.

"With AIDS and everything else, they couldn't have hit a better time to market [a prepackaged salad]," notes Dick Pyle, an analyst with Piper Jaffrey, Hopwood, Inc. "They introduced the perception of freshness and quality and cleanliness."

Besides striking a chord among consumers, prepackaged salads enabled McDonald's to avoid many of the operational pitfalls that have plagued the salad businesses of its competitors. Outlines NECG's Frank: "The problem with salad bars that everybody else missed was that if you put one in your store, you're making a big capital investment that takes up a lot of space. Secondly, you're leaving it up to consumers to quality-control and portion-control their own salads. Thirdly, you're opening the potential for tremendous store cleanliness problems, because those salad bars are sloppy. And finally, you're building extra labor into the system to clean them up and stock them and restock them."

Another equally important element the competition overlooked and McDonald's grasped was that by packaging salads, it could sell them through the lucrative drive-in window and take-out route. According to industry statistics, drive-through sales can be more than 50% of a store's business.

McDonald's innovative salad packaging also fit nicely into its point-of-purchase display plans. The clear-plastic salad containers are stacked neatly behind restaurant counters in glass-enclosed refrigerators, and stores are emblazoned with signs promoting "fresh salads" in shrimp, chicken, chef's and garden varieties. The suggested prices for each range from $1.65 to $2.79.

While the salads would seem to sell themselves, McDonald's, its national agency Leo Burnett, its 157 local advertising co-ops and their 72 local ad agencies worked in marketing tandem to guarantee that consumers were aware of them. The rollout began when the burger chain whetted media appetites with "edible press kits" that included sample salads, a public-relations concept that came from one of McDonald's local agencies.

True to its form as America's largest advertised brand, McDonald's backed the salads with heavy tv support. More than 90% of the nearly $400 million McDonald's spends annually goes into network and spot-tv buys.

Salads also got the backing of an increased print budget in 1987. Its magazine spending jumped more than 1,000% from the scant $529,000 spent through the first nine months of 1986 to the nearly $6 million spent during the same period in 1987 (the most recent available figures from Leading National Advertisers). Among the titles used were newsweeklies like *Time* and *Newsweek* and women's books like *Good Housekeeping, Women's Day* and *Better Homes & Gardens*. McDonald's also created a newspaper-supplement budget, spending $1.2 million through the third quarter.

Burger Segment 1987 Market Shares

Chain	Fiscal Year Ends	Market Shares (By Fiscal Year)		
		Current	Last Full	Previous
1. McDonald's	Dec.	47.52%	46.40%	45.40%
2. Burger King	May	18.83	18.81	18.58
3. Hardee's	March	10.20	10.09	9.91
4. Wendy's	Dec.	9.43	10.27	11.13
5. Arby's	Dec.	3.20	3.31	3.36

Source: Nation's Restaurant News

"Salads played a major part in something that was very visual," says McDonald's vice president/national marketing David Green, explaining the increased emphasis on print. "We found in this last year that magazines have been able to help us, and the messages there have been primarily in the salad area — and in the good quality, wholesome food area too."

Maybe so, but the fast-food king's corporate campaign, which touts the nutritional quality of McDonald's products, ran into trouble with nutrition critics as well as state regulators over the past year. Nevertheless, Green says it is part of a long-term effort that will continue.

But observers rank the nutritional effort as the only blemish on an otherwise stellar year. "The American consumer isn't stupid," notes Smith Barney's Doyle. "I don't think they necessarily want their burgers and fries to be healthy, so don't tell them they are."

Although the nutrition campaign met with controversy, NECG's Frank believes it is part of a major repositioning effort intended to "take the edge off" McDonald's junk-food image.

"There they were with fried foods, grilled foods, beef-oriented products — the epitome of junk food. And people all around them were becoming more health conscious," Frank explains. Plus, they saw other chains, pizza and chicken outlets for instance, making hay by the public view that somehow these products were "healthier" than a juicy, greasy burger. "McDonald's said, 'We've got to get ourselves perceived as not bad,' " says Frank. " 'We probably will never be able to be perceived as healthy, but at least we can do something to push ourselves closer to neutral.' "

The repositioning began with the introduction of Chicken McNuggets, a product that was such a hit that the golden arches now sell more chicken than any other chain except for Kentucky Fried Chicken. That roll continued with the McDLT, which at least added fresh lettuce and tomato to the McDonald's mix. "Once they had lettuce and tomatoes in their operating system, the next logical extension was to go for salads," explains Frank.

Actually, the salads appear to have accomplished what the nutrition campaign failed to do. "It took care of the veto vote — the person who didn't want to go to McDonald's because they didn't want to eat deep-fried foods or a hamburger. In essence, it brought in a more health-conscious consumer," explains Kidder Peabody's Jay Freedman.

Salads contributed a big part of McDonald's 1987 successes, but their "Mac Tonight" campaign also broke new ground. The campaign, which was developed by the McDonald's Operators Association of Southern California with its local Los Angeles agency Davis, Johnson, Mogul & Colombatto, was elevated to a national campaign that received heavy tv and radio play from August 28 to October 1.

Local operators augmented the effort with local campaigns, and in-store appearances by Mac helped to generate double-digit dinnertime sales increases for the chain.

The Mac campaign typifies the relationship between McDonald's national and local marketing programs. While most campaigns trickle down from corporate marketing programs, McDonald's encourages a two-way dialogue; new ideas often come from local groups. For instance, it was a local store that developed the Big Mac.

Generally, stores contribute 2% of their annual sales to the corporate marketing budget and augment that with local budgets that average 1-2% of sales. Although Mac was developed at the expense of the local McDonald's group, the corporate marketing department came in early on with seed money for the program. In this case, the corporate budget eventually reimbursed the costs of every market involved in developing the campaign.

It is because of this cooperative relationship that franchisees don't hesitate to kick in a little extra to make a national program work. For instance, the Southern California co-op placed heavy local media dollars and ran extra sales promotions when the corporate marketing department introduced salads in the area. "We will bend over backward to help national make a success out of any program," says Bill Brownstein, president of the Southern California Operators Association. "We enhance the radio and television in conjunction with the national budget, and we go to other media such as billboards, because this market calls for that kind of approach. That doesn't come from [McDonald's headquarters]. It comes straight out of our local budget, but the synergistic effect is great."

As a result, the salad introduction and Mac Tonight campaign exceeded goals, as did several other significant promotions, including a Monopoly-game-based sales promotion effort. That one was so successful, McDonald's is teaming up this year with Oldsmobile and Sears to expand the program in a joint effort that will be backed by an estimated $70 million in ad spending.

McDonald's Green concedes that it is sometimes difficult to factor out which of McDonald's many concurrent advertising efforts are working on behalf of which marketing goals. But he says the company addressed "eight to ten subjects" during 1987 that all came under their corporate credo: "Food, folks and fun."

"We want all the commercials and campaigns we do throughout the year not to be separate and distinct but to add up to something at the end of the year that cements the focus we have on the customer," he explains. "Sometimes it's warmth. Sometimes it's upbeat. Sometimes contemporary. Sometimes it's appetizing. Sometimes it's promotional. But it all adds up to something at the end of the year that is clear and focused and not disjointed."

McDonald's

Media Expenditures
January-September 1987 (000)

	1987	1986
Magazines	$ 5,952.7	$ 529.4
National Sun. mags.	1,235.7	—
Network tv	152,854.4	145,876.9
Spot tv	93,999.4	94,080.7
Spot radio*	3,629.6	3,850.3
Outdoor	5,412.5	5,412.5
Network cable	1,296.9	1,353.4
Total	$260,751.6	$245,823.0

*Sources: Leading National Advertisers; *Radio Expenditure Reports. Media Records doesn't report quarterly newspaper expenditures.*

The company must be doing something right, because it consistently registers high among industry ad-awareness scores. According to a McDonald's presentation to the investment community, the company spends 34% of the fast-food industry's total ad dollars yet generates 46% of top-of-mind awareness.

McDonald's ads also rank consistently in the top-ten listing of Video Storyboard Test's (VST) favorite-tv-campaign survey. They placed third, for instance, in the fourth quarter.

But it appears that the company pays dearly for that awareness. According to VST's calculations of the gross advertising impressions McDonald's generated from its weekly tv spending, the company earned only a C-minus grade in *Adweek* magazine's 1987 Marketer's Report Card issue.

"They shoot marketing-wise with a cannon," explains Pete Romeo, news editor of *Nation's Restaurant News*. "When they came out with Mac Tonight, everyone wondered, 'How will it do?' The answer was, 'It doesn't really matter.' If you throw enough dollars behind it, you're going to make the campaign a hit."

But no one disputes McDonald's bullseye marketing aim when it comes to distribution. It's well known that the Oak Brook, Ill.-based company's real estate selection is about the best in the business. In fact, it has averaged a new store opening every 17 hours over the past 12 years. Now that the fast-food arena has become so crowded, McDonald's, along with rival Burger King, are in the forefront of opening some pretty surprising storefronts. It's not unusual to find the golden arches in schools, airports, highway rest areas, military installations and even hospitals. And many times, it's been the school or hospital itself that came to McDonald's and asked it to take over its cafeteria operations.

It's the ability to go just a little farther than others, whether it be in supporting charitable causes such as the Ronald McDonald houses for young cancer patients or adopting innovative promotions, that has put the shine on its business and civic reputation. Though many observers worried a few years ago that McDonald's growth would slow down, what with all the competition, new eating habits, the dearth of new domestic outlets and the difficulty huge organizations have in adapting to new trends, the company has answered all the challenges. It has weighed in with an 11.8% compounded growth rate for the past five years, and its international expansion is just getting into high gear (international profits were up 30% through the third-quarter of 1987). New products, ad campaigns and convenient outlets have kept the customer satisfied and competitors as green as the new salads. ■

AUTOMOBILES: SUZUKI'S SAMURAI

AGAINST ALL ODDS

Despite the skeptics, the little Samurai has carved itself a big piece of the U.S. car market.

by Rebecca Fannin

No auto since the VW beetle has created such a sensation. Large real-estate developers, career women, surf bums and college students are having a ball in today's cult car, the Suzuki Samurai. They're painting them pink and dressing them up with chrome wheels, fog lamps and spare tire covers. And they're cruising everywhere with the top down in their four-wheel-drive baby jeeps — Manhattan, the desert, the mountains, the beach, Hollywood. Samurai fans have even formed clubs for swapping Suzuki stories.

The strange thing about it is that everyone thought the Samurai would be today's Edsel. "When these oddball vehicles first came out, nobody gave them a nickel's chance of success," says Maryann N. Keller, a vice president and automotive analyst with Furman Selz Mager Dietz & Birney.

There seemed to be a million reasons for it to fail. It got comments such as, the ride is washboard-like; it's too small; very impractical; kind of ugly; just for tire-squealing teen-age boys and, by all comparisons, inferior to the rugged, functional jeep.

How wrong the critics were. Like the Beach Boys song about the "fun, fun, fun" of taking off in a T-Bird, the Samurai has struck a universal chord by putting some fun back into driving — and at an affordable price of about $7,995. "We've created a national market for a small jeep by presenting it as an antidote to econobox boredom," says N. Douglas Mazza, vice president and general manager of Suzuki of America Automotive Corp. in Brea, Calif.

Suzuki, which made its U.S. name selling motorcycles, turned over the keys to 81,000 of the baby jeeps last year. This was almost double its 1986 record of 48,000 sales — the best model launch of any Japanese auto manufacturer. Fresh and original advertising also helped the Samurai to become the top-selling convertible on the road last year, passing the Chrysler LeBaron.

Its success has been so complete that demand for the warrior-named

Samurai's outstripped supply. In fact, it wasn't even available in the Northeast until summer, and it took until fall before it was in the Midwest. Dealers had to wait until October before they could get some on the lot to sell. "Everyone has been surprised at the numbers, even Suzuki," comments Dick Taylor, marketing plans manager for Jeep at the Chrysler Corp.

But it didn't happen by serendipity. "The key to its success has been to look at it not from what it was but from what it could be," says Mazza. The veteran of automaker Mitsubishi was the first employee of a 35-member team hired by Japan's Suzuki Motor Co. to launch the Samurai just two short years ago.

The logical solution would have been to market it as a sport-utility vehicle. The Samurai does resemble a Jeep Wrangler, but it has a smaller four-cylinder engine and a sticker price about $3,000 less than the competition.

What prevented Mazza from going this route, however, was that he kept being reminded by focus groups that all types of people found the Samurai nearly irresistible — a unique image not normally associated with vehicles used for hauling lumber and crossing creeks. "We're not really competitive with the Samurai," affirms Chrysler's Taylor. "We've done studies of our owners and the Samurai's owners, and people are buying them for different reasons. The jeep is considered the gold standard in four-wheel drive, and the Samurai is a fun little vehicle," Taylor adds.

Mazza's eventual decision not to market the Samurai as a jeep, truck or car has been at the heart of its continued success. "People look at this car, and they customize it," says Mazza. "There are 90 options that you can order at the dealership, and some will equip it as a macho off-road vehicle and others as a cute convertible." The Samurai's low price also has helped to broaden its appeal. In fact, 40% of its buyers previously owned a subcompact car, and the Samurai has stolen 20% of sales from purchasers of sport trucks, who also consider price a

IF IT AIN'T BROKE . . .

It may take some by surprise, but the real success story at the Ford Motor Co. is not just the zooming popularity of the Taurus and Sable but the company's flair for selling *old* models.

Last year, nearly a third of Ford's sales were cars that haven't been redesigned since 1980, points out Maryann Keller, an automotive analyst for Furman Selz Dietz & Birney. "It really makes General Motors mad," Keller says. "There they are redesigning their cars year after year, and Ford is making tremendous strides at GM's expense."

Despite a gloomy year that saw total car sales dip 7% to 15.1 million units, Ford was the only one of the Big Three automakers to improve upon its 1986 results. Ford increased sales by 1.5% and climbed to a 23.4% share of the market from 21.2% the previous year. Meanwhile, GM's sales were off 16.3%, and its share was down from 38.8% to 35.3%.

What is Ford's secret? "It's the whole image of our company," notes Ross Roberts, general marketing manager of the Ford division. "Our quality continues to improve, and we've also been helped by our new rounded styling." Besides the Taurus and Sable, the Tempo, Topaz and Thunderbird have a contemporary jellybean look.

But Ford also has to be given a nod for doing a better job at defining market segments. That is in drastic contrast to GM, which has been criticized for making even Cadillacs resemble Chevrolets. "Ford has realized that the rounded styling may be too radical for some, so what they have done is to allow some of their good products to evolve," says Keller.

Take for example the classic Lincoln Town Car. It is advertised as both a luxurious and a unique automobile — a subtle swipe at look-alike Cadillacs. The result? Cadillac sales were down by 13%, but the Town Car showed less than a 1% dip. Likewise the Mustang, which is essentially the same as it was ten years ago (except that now it has a bigger engine). The sporty car's sales were up 10% last year. In addition, the Crown Victoria — a large, boxy car with outdated technology — turned in a good year by unashamedly marketing to greying folks who enjoy a cushiony ride. Its nearest competitor, the Buick Electra, saw sales slide 27% while the Crown Victoria's sales were off a less bumpy 9%.

This is not to slight the Taurus or Sable. Sales of these models were up a spectacular 35% on an already enviable volume of 340,000 the year before. "Last year, more people made associations with the modern styling of the cars, and we were also helped by personal recommendations and the numerous media awards the cars received," says Roberts.

Increased advertising of about 20% also played its part. Roberts says the ads were more pinpointed last year, highlighting such awards as *Motor Trend*'s Car of the Year and a citation by *Car & Driver* as one of the 10 best new models.

The Mustang, then and now. Top, 1979; bottom, 1988's GT.

priority. Less than half the Samurai's sales are from the sport-utility segment.

One of the unplanned surprises is how much women love the Samurai. Some 40% of its drivers are female, one of the highest rates in the automotive business. "It's amazing that it appeals to all kinds of people," says Hanley Dawson, owner of the Patrick Suzuki dealership in Libertyville, Ill. "We thought it was a young person's car, but the buyers are everyone from the wealthy to the factory worker."

The Samurai phenomenon has occurred with the help of advertising that is as lighthearted as the vehicle itself. (The tagline is, "Never a dull moment.") When advertising agency keye/donna/pearlstein got the account in late 1985, it had never worked on an automotive account. But that didn't hurt them. "Suzuki told us not to give them typical car advertising," says Leonard Pearlstein, president and chief executive officer.

The agency certainly has complied. There's the billboard for Suzuki that warns the car may exceed 55 smiles per hour and the one that claims the Suzuki is for the car sick. There's also a tv spot with the Samurai being playfully maneuvered through a mock test track.

U.S. general manager Mazza (left) and adman Pearlstein's approach focuses on the fun of it.

"We were blessed by the uniqueness of the product," says Pearlstein, who had only four nail-biting months to work on a campaign before the car's introduction in February 1986. "Most of the time, you are doing advertising for parity products that are also tardy arrivals."

Over the past year, the Los Angeles agency only has had to toy with the introductory campaign for the Samurai. While the launch commercials primarily showed the Samurai as an exciting new type of vehicle, the new executions go a step further by depicting picnicking families, sporty blondes and black teen-agers getting a kick out of the vehicle.

The media schedule has been doctored more heavily, however. During the first year of sales, Suzuki spent nearly 90% of the $10 million ad budget in spot television and enthusiast magazines. But in the last quarter of 1987, as the vehicle moved closer to national distribution, the budget was lifted to $37 million, and network television, syndication and cable took the place of spot buys. The Samurai remains on such shows as *Cheers*, *Night Court*, *LA Law*, *Late Night with David Letterman* and *Saturday Night Live*. But now it's also on the syndicated *Star Trek: The Next Generation* program and cable's Arts and Entertainment Network, where the buy is strictly comedies. "There's a lot of action programing to reach a younger market," explains vice president and media director Alan Hyman.

Efficiency plus impact remains a major consideration. Half of the network tv buys are 15-second spots, a practical choice because "we felt we needed only a reminder message," says Hyman. Additionally, the agency has avoided targeting women with specific media buys, so that it can pour more money into television.

One of the crafty elements of the media schedule is a continued use of outdoor. The medium absorbs a hefty 13% chunk of Suzuki's budget. "We had considered radio to reach our target of 18-to-34 year-olds, but we needed to go for the visual impact," he notes. Outdoor also gives Suzuki the opportunity to plaster billboards with 800 phone numbers to direct buyers to nearby showrooms. Suzuki has found that nearly 40% of people who have called an 800 number eventually have bought a Samurai.

The rather large advertising budget continues to have the important goal of keeping the Samurai from being a fad.

"That has been a concern, so we are trying to present the Samurai in a permanent way," says Suzuki's Mazza. The national budget is supplemented by regional dealerships, which chip in 2% of invoice per vehicle.

Lending hope that the Samurai will not go the way of hula hoops and pet rocks is the fact that new markets are buying the Samurai at the same rate as the first ones had, despite a price hike of $1,000 last year due to the increase in the value of the Japanese yen. The car was introduced in the Sunbelt areas first, where it might have been expected to take off. But when the Samurai moved into the Northeast and the Midwest during 1987, it still showed no sign of weakening. In fact, its appeal as a fun vehicle was reaffirmed. Although Suzuki hadn't expected it, more convertibles than hardtops were sold in those areas, says Mazza.

But the Samurai's appeal as a recreational vehicle has also proved detrimental. After the stock-market crash in mid-October, the Samurai's sales rate slowed. As of last December, there was a 45-day supply on dealer lots. "Generally, if you have a 25-day supply in the automotive business, you aren't meeting demand," says Mazza. "We consider 45 days a healthy rate," he notes, adding that he expects a strong spring season, with 1988 sales of 90,000.

Dealers who got frustrated over not having enough Samurais to sell share his optimism. "The Samurai sells well in either the snow or the sun, and sales fluctuate when the seasons change," notes Suzuki dealer Hanley Dawson in Libertyville, Ill.

With a big investment at stake, dealers have good reason to see the bright side. As required by Suzuki, most already have built separate showroom and servicing facilities for the Samurai.

Because of the track record they've had with the Samurai, the dealers can't be too unhappy. Every single one made money selling the Suzuki during the first 12 months it was on the market. That hard-to-beat claim has an additional 2,000 dealers begging for an application.

Ads take a giddy, lop-sided view of driving a Samurai.

A key reason for the profitability is that Suzuki has the second-highest ratio (Hyundai is first) of vehicles-per-dealership — about 470 for every location. But high profit margins on Samurai accessories is another factor. It isn't unusual to see a Samurai loaded with $2,000 worth of extras. Dealer Jeff Wooley of Superior Suzuki in Tampa, Fla., figures profit margins are about 10% to 20% better on the Samurai than on a stripped-down passenger car.

To foster good relations with dealers, last Christmas Suzuki promoted the accessories as gifts. Owners were sent a direct-mail brochure offering everything from sheepskin covers to roof-top racks for skis. Accessory sales climbed 8% as a result.

Dealers have been making a lot less on servicing the vehicles, however. The Samurai is rarely in the shop. "Suzuki asked us to dedicate 10 stalls [repair areas] for servicing," says Wooley. "We usually only use one."

Suzuki

Media Expenditures
January-September 1987 (000)

	1987	1986
Magazines	$ 220.8	$ 83.7
Spot tv	12,143.8	6,099.4
Spot radio*	435.7	1,563.8
Outdoor	267.4	–
Total	**$13,067.7**	**$7,746.9**

*Sources: Leading National Advertisers; *Radio Expenditure Reports. Media Records doesn't report quarterly newspaper expenditures.*

The vehicle's reliability is supported by good scores on the customer-satisfaction index compiled by automotive research firm J.D. Power. The Samurai ranks fourth out of ten sport-utility vehicles surveyed during 1987. "Its strength is in the product-quality area," points out consultant Linda Hernice. "It is a little weaker in service, primarily because the small dealer network is very spread out and has been in a sold-out situation."

Suzuki is making plans to fill holes in its dealer network this year. Japan's Suzuki Motor Company plans to have between 250 and 300 dealers in the U.S. as pockets of the South and the far Northwest are opened and former areas are penetrated further. Other markets such as Wyoming and Montana are on hold while Suzuki plans to broaden its product lineup.

A major step toward that goal occurred last August when General Motors Corp. and Suzuki entered a joint venture to build 200,000 vehicles a year in a Canadian factory. Trade quotas, which currently restrict Suzuki to a meager 3,000 vehicles per year, would also have to be eased. Suzuki, a privately held corporation, has been willing to sacrifice profits for growth and has been paying a stiff 25% tariff on most of its imports.

By 1990, Suzuki plans to have a larger version of the Samurai, a small passenger car and a sports car. "Our target is to have sales of 305,000 in the U.S.," says Mazza. That would make it the seventh largest U.S. automobile marketer in the country, adding to a growing list of powerful foreign competitors.

Judging by the success of the Samurai, that just might be realistic. ■

SPORTS EQUIPMENT: NIKE AIR LINE

RUNNING ON AIR

Nike hopes to trip up Reebok and reclaim the top slot in the footwear field. The Air line may make all the difference.

by Paula Schnorbus

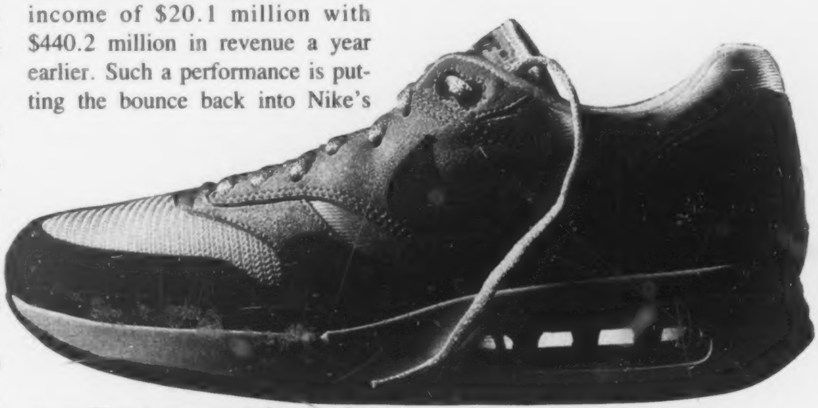
They say they want a revolution . . . well, well, you know, Nike wants to change the world.

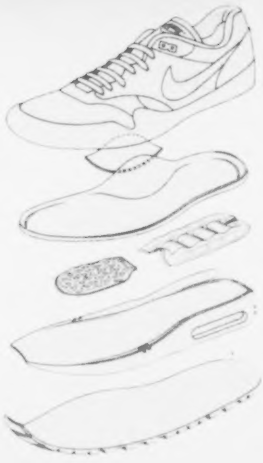
That world is the athletic-footwear market, an area Nike Inc. once lorded over with an imperial air that some say bordered on arrogance — until it was caught flat-footed. Along came Reebok International, with its fashionable leather aerobic shoes, and danced away with the biggest sneaker share in 1986.

Now a humbled Nike is out to reclaim its crown. In March 1987, Nike brought out its artillery, Nike Air, a new line of 10 performance athletic-shoe models unified by a patented system of air cushioning that consists of "special gas" shot inside the sole and marketed as an injury-reduction device. Nike Air, says Tom Clarke, vice president, marketing, is the Cadillac of Nike's sub-brands, priced between $45 and $110 and available for sports ranging from running to soccer.

Armed with a $20 million marketing budget — a good deal of which went to a few controversial ads that ran on network tv, a switch from the sneaker industry's usual vertical magazine campaign — the Air Revolution began and an invigorated Nike has taken off.

For the first half of its fiscal year ended Nov. 30, — the period of the Air line's rollout — Nike had profits of $43.6 million on revenues of $517.2 million, compared with net income of $20.1 million with $440.2 million in revenue a year earlier. Such a performance is putting the bounce back into Nike's step: Fiscal year-end figures for 1987 (12 months ending May 31) had left Nike dispirited, with total sales of $877.4 million, down 17.9% from 1986. Net income was down 39.4% to $35.9 million.





Nike says of the original Air line (now there are 50 Nike Air styles), 1.1 million pairs, or $42 million wholesale, were sold last year in the U.S. market. Futures orders for delivery from December 1987 to April 1988 are up 74%, reports Keri L. Christenfeld, vice president, research, at Cowen & Co. And Jim Hartmann, vice president, director of buying at Foot Locker, an athletic-footwear retailer with 900 stores nationwide, enthuses that to say Nike Air sales are "terrific would be an understatement.''

Christenfeld, who was writing a report about Nike at press time, says she keeps raising her estimate of what Nike's 1988 domestic-footwear sales will be when its fiscal year ends in May. She predicts $733 million for the footwear division, up 30% from Nike's droopy fiscal 1987. ''Nike connoted to the public what the Air line stood for: performance, quality, comfort and high technology, the *ultra* of sneakers,'' she praises. ''That's ingenious and very shrewd from a brand-management point of view.''

Nike was part of what could be called an earlier revolution. Since 1982, when Nike unseated Adidas as the top athletic shoe, Nike was running faster and jumping higher than anyone in athletic footwear, based on the power of its running shoes, which were designed for fitness but used mostly for fun as the casual shoe to wear.

But fashion is fickle, and an apparently narcoleptic Nike wasn't alert enough to notice. Nike got kicked behind the knees by Reebok's successful new soft leather shoes for aerobics, the fitness trend at the time. Another feather in Reebok's cap: The shoes were directed at women, an audience that Nike neglected.

Guess who was stuck with 22 million pairs of unsold running shoes? So in fiscal 1985, Philip H. Knight, founder and chairman of Beaverton, Ore.-based Nike, took over the reins as president, and Nike started getting back on the race track. The price of sneakers was reduced to get rid of the voluminous excess inventory, the domestic workforce was cut 10% and management was realigned and divisional vice presidents created to report to corporate officers rather than directly to Knight.

Meanwhile, Reebok kept thundering along, and by the end of 1987 it had almost a third of the sneaker market, compared with Nike's 18.6%, according to John Horan, editor and publisher of *Sports Management News*. The third largest market share drops down to the single digits with Converse at 8.1% in 1987.

Rather than try to copy Reebok's more fashion-conscious sneaker statement, Nike went back to its roots and concentrated on performance. ''Air'' wasn't a new concept to Nike. It had been used as early as 1978 for Nike's running shoes, but it had never been ''perfected,'' says Clarke, who had been head of Nike's sports-research laboratory.

The Air Jordan, a basketball shoe that pays homage to NBA star Michael Jordan, raked in more than $100 million in sales in fiscal 1985. Although it had the air technology, Nike couldn't continue making a killing with one shoe. It didn't help that the basketball player got hurt and had to stay out for the season. ''We hadn't planned very well what we would follow it with, and then there was the injury to Michael, boom, boom,'' says Kevin Brown, Nike's corporate communications director. ''We didn't do our homework very well. Jordan is strong, but it's only a basketball product.''

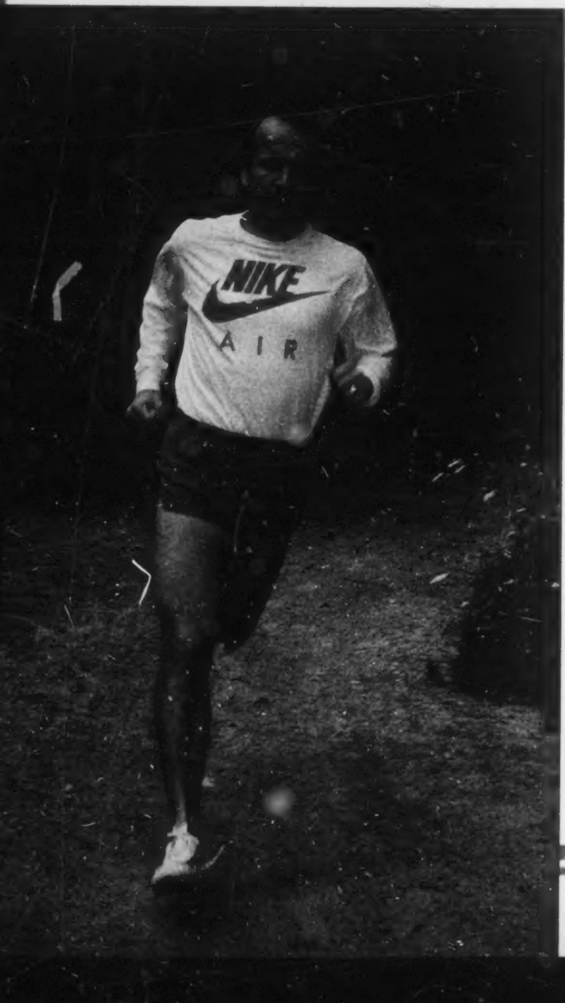
Clarke recalls that in the spring of 1986, Nike's product-development staff was redesigning parts of the air sole to improve its overall performance. ''The product design and development breakthrough that started to happen was part of the gelling of the whole Air concept,'' says Clarke.

The following summer, the Air Revolution marketing program was devised. For the tv spots, there even was a battle song of sorts. Nike negotiated to use the Beatles' ''Revolution'' as its ad theme — in the original version. Use of the record in Nike Air commercials caused a revolution of its own when band members filed suit against Nike for using the song for commercial purposes. But so what if Nike is being sued? So reasons Robert E. Carr, editor and co-publisher of *Sporting Goods Business*: ''The lawsuit is great publicity for them.''

Nike's now-infamous commercials — the option on ''Revolution'' runs out March 22, and Nike will not renew — were shot on black-and-white, super-8 film and depicted professional athletes and ''regular people'' of all ages involved in sports. Kelley Stoutt, an account executive at Wieden & Kennedy and Nike's account supervisor, says the initial spots last spring, one 30 seconds and the other 60 seconds, were made to create a spark, ''a light-'em-up magic. There's something going on here, and all these people are part of it.''

These were supported by horizontal ads, some of which were eight-page inserts appearing in *Glamour*, *Sports Illustrated*, *Rolling Stone*, *People* and *GQ*, to name a few, that explained the whole Nike Air line. Vertical ads, which Nike usually employs for its products, were used to explain individual Air shoes, such as the Air Max, in *Runner's World*.

In addition to the Air line, the print campaign for last fall focused on a new cross-training shoe with the Air tech-



Clarke considers Air the Cadillac of Nike shoes.

nology. That shoe — with a price range of $49.95 to $75 — is for those who have a more varied workout program that includes, perhaps, a mixture of running, baseball and aerobics. Nike also released a children's Air line, priced between $35 and $45. Inserts for ads explaining the technology were in, for example, *American Baby* and *Parents*.

The Beatles' "Revolution" was used for two more 30-second commercials, one for the cross-training shoe and the other, the children's Air shoe. A 60-second spot features the Air line for women.

Nike has always done billboards but not always in the traditional sense. The company likes to paint esoteric ads on the sides of buildings in cities. The only words on a billboard or wall will be the Nike Air logo. The scene may be of professional athletes or, again, "regular people" involved in sports for a "subtle," six-story advertisement.

"Nike treats its customers and audience with a great deal of respect and assumes the consumer knows a great deal about sports," explains Stoutt. "Those people don't need advertising. It's almost like a dirty word." So you won't see a billboard loaded with Nike Air shoes and their price points.

Retailers feel that they are being given more respect too. In the past, there were complaints of arrogance on Nike's part. "They used to just walk out and say, 'Here's the deal,' and not take any crap from anybody," recounts John Horan. One welcome change is an upgraded, computerized ordering system. Says Terry Apple, footwear buyer for Athlete's Foot General Sports Ventures Inc., "The customer-service people have helped out tremendously. It's nice when you call, and they can tell you what the status of an order is. They're doing a better job of forecasting their needs." Retailers are able to order shoes from Nike through a toll-free number, and the order will be delivered within 24 hours.

A futures program for orders — which guarantees that the price of a delivered product will be the same as when the order was placed months before, not to mention more dependable deliveries — had been a part of Nike before the introduction of the Air line.

Nike also is vehement about where Nike Air is sold. It won't be sold by mail order to avoid discounting, nor will it be found on a rack with countless other pairs of boxless shoes. Horan notes that Reebok is being distributed through department stores and chains in a big way, and it is no longer at the top of the pyramid, which would be specialty stores, in terms of distribution. "Nike," says Horan, "has re-established itself there."

Nike's crew of 28 technical representatives are out teaching retailers about the Air line. The reps, who don't handle sales, are given manuals and video material to put across the Nike Air story. Customers who buy a pair get special owners' manuals. "It is the same type of manual you would expect to get with a very expensive car," explains Clarke. "Each shoe has that type of backup to it."

Nike Sporting Footwear
Men & Women*
Medi[illegible] [illegible]ndit[illegible]
January-[illegible]ember 19[illegible] ($000)

	1987	1986
Magazines	$1,583.0	$1,329.2
Network tv	4,008.1	692.0
Spot tv	509.3	83.6
Network radio	51.6	–
Outdoor	97.7	112.9
Network cable	893.4	103.2
Total	$7,143.1	$2,320.9

Source: Lea[illegible] Nationa[illegible] Adver[illegible] national Sunday ma[illegible] quarterly newspaper figure[illegible] Records unavailable.

**Nike Air introduced in 1987. No [illegible] Air break out available from LNA or from RER for spot radio.*

In a recent survey by *Sporting Goods Business*, says editor Carr, retailers were asked, "Which lines do you think are hottest and why?" Carr says that almost 80% picked Nike Air because of the cross-training shoe and the marketing behind the Air line. The No. 2 brand was Avia, a performance line of athletic shoes owned by Reebok. Carr says that Reebok was third, and "it was mentioned just because it's there and it's a big company."

A couple of buyers at large athletic-footwear retailers privately say they expect Reebok's sales to be flat and Nike's sales to be bigger. Horan predicts a "real horse race" this year.

Learning a lesson from Reebok, Nike Air will be courting women in a new $6 million to $7 million campaign this spring, according to Nike's Tom Clarke. The Nike spokespeople wouldn't provide details, but Stoutt says the tv ads will depict women involved in a variety of sports. Nike also is bringing out a line of Nike Air clothes that will color-coordinate with the sneakers. Nike's overall ad budget is $34 million this year, and the company is circulating a booklet to retailers that says last year's advertising was a drop in the bucket compared to this year's, with four times the television and three times the print.

Taking a cue from Nike, Reebok is bringing out its own line of performance shoes dubbed the "energy return system." But one big retailer, who wishes to remain anonymous, says Reebok's "commitment to technology is more words than action . . . I don't think Reebok has established itself as a performance shoe."

Nike's spokesman Brown even insists that Nike Air was brought out because we are in the midst of a fitness revolution. But Harvey Lauer, president of American Sports Data Inc., says, "There is a fitness revolution, but it's not what it's cracked up to be."

Clarke acknowledges that the shoes may be designed for serious runners, basketball players or whomever, "but who buys is a much broader spread. Many aren't going to run in it. I'm sure a lot of people who drive Porsches don't go over 60 miles an hour."

Nike seems to be back in the center court now and even living up to its namesake — "Nike," the goddess of victory. It's anyone's guess if Nike will rest on its laurels, but Hartmann of Foot Locker advises, "They got in trouble once. I don't think it will happen again." ■

COSMETICS: CLARION

THOSE LIPS, THOSE EYES . . .

Noxell made the mass market blush with a new line of smartly positioned and promoted makeup.

by Renee Edelman

In retrospect, the idea *was* a natural. Noxell Corp.'s launch of a slick department-store-like color cosmetic line at mass market outlets and prices is working out beautifully. In a year's time, Clarion, a makeup line for those with sensitive skin, has bounded into hard-to-get drug chains, enticed customers with personalized computer analysis, stunned competitors with an aggressive ad campaign and emerged as the most successful cosmetic debut in over a decade.

The high-flying Clarion ended 1987 with $50 million in sales and a 4.5% to 5% share of the mass cosmetics market. This performance was good enough to nearly smear Almay, the longtime leader in hypoallergenic makeup, which lays claim to 5.2% of the market and $55 million in sales. Indeed, Clarion got off to such a pink-cheeked start and "there was such a clamor for it, they [Noxell] couldn't satisfy everybody," tells Jack L. Salzman, analyst at Goldman Sachs & Co., who had originally projected first-year sales at $35 million. "It was too successful."

For Noxell, this was a very happy problem. Other, more difficult ones might have been expected. After all, the makeup section of the cosmetic market had paled in contrast to all the action going on in the skin-treatment and fragrance sides of the business.

Then, too, though promotional wizardry a là computers that design a customer's ideal look based on personal input had proved a draw at department stores, it was an unwieldy concept for other types of outlets. In drug and discount chains, for example, shelf and counter space is at a premium. Just who would be overseeing Clarion's extensive product line and computer workings? At department stores, sales staff oversees a brand's operations, but in the $3 billion mass-cosmetic market, the mode of sell is strictly pegboard.

Clarion
Pure Performance
Nail Color
Clarion

And finally, there was concern that Clarion might eat into the sales of Noxell's best-selling Cover Girl line. Though it has a different positioning, a 25% higher price tag and a supposed appeal to audiences older than Cover Girl's teen and

young-adult buyers, the Clarion lineup was still similar to the Hunt Valley, Md.-based Noxell's bread-and-butter brand.

Nevertheless, Noxell spied a marketing opportunity. Company execs were sure they could capitalize on the good reputation Noxell already enjoyed as a vendor with Cover Girl and its Noxzema line of skin products. They also saw that no one was selling a slickly packaged and advertised line of color cosmetics for sensitive skin. Almay was the segment leader, but its attention seemed to be wandering. Its lineup and marketing were dull, and there was internal turmoil. International Playtex, which owned the brand, underwent a restructuring and finally sold Almay off to the Revlon Group in 1986, which itself had just changed hands.

And most enticingly, Noxell executives only had to look at the Clinique division of cosmetic queen Estée Lauder to see there was a wide audience for hypo-allergenic products. Clinique is one of the top-selling department-store lines selling under the brush of fragrance-free, pure products.

With all this in mind, the marketing program then became a series of clear applications. Noxell saw an opportunity in "sensitive-skin makeup with a strong beauty image," says Peter M. Troup, Noxell's senior vice president of marketing. Clarion's personalized computer — the first in the mass market — would lend a touch of science and reassure women that they were making the right purchases without a cosmetician's help. Finally, aggressive advertising would establish Clarion as an important brand.

In the first year, Noxell spent $20 million on advertising for Clarion — a total of $25 million in the first 15 months — says Noxell's Troup, making it the third most heavily advertised brand behind Cover Girl and Maybelline, a division of Schering-Plough Corp. According to Leading National Advertisers, during the first nine months of 1987, Clarion spent $15.3 million on advertising as compared to Cover Girl's $35 million and Maybelline's $34.9 million. Noxell far and away outspent other competitors, including Revlon Group's Almay, Revlon and Max Factor brands, as well as Cosmair Inc.'s L'Oréal.

Since the color-cosmetic market grew only modestly last year, Clarion had to and did take market share away from competitors' more traditional, mass-marketed color lines. This included the showings of Max Factor and Unilever's Aziza. By the same token, the company insists it did not cannibalize its own Cover Girl sales, which

Among the many in marketing, research & development, operations and sales for Clarion: Bottom row (left to right): Edward Jackson, Sam LaFrank, Steven Colnitis, Edward Lorenz. Back Row (left to right): Eugene Levering, Michael McNamara, Nicholas Mumford, Peter Troup, Nancy Mugele, Robert Winters, Barbara Harris, Robert Butler, Gabriel Porres.

Noxell claims rose in the double-digits last year.

Noxell's aim is to make Clarion "the third or fourth largest brand behind Cover Girl" in the mass market, Troup says. Based on units sold, Cover Girl leads with a 21% share, followed by Maybelline with 18% and Revlon with 17%, according to analyst Salzman.

Clarion's comely performance and Noxell's deep pockets have sent competitors back to powder their noses. "Clarion woke up everybody and got them thinking again," says Salzman, who is predicting the brand will grow at least another 20% this year. Industry analyst Allan Mottus says buyers are reporting "more creative ideas out of Maybelline and Revlon that they feel are a direct reaction to Clarion." For example, in late 1986, Maybelline introduced Ultra Performance Pure Makeup, a single foundation for sensitive skin. Maybelline's executive vice president, Gary Mulloy, compliments Clarion's performance, saying "Noxell has done a very nice job of trying to target not just the sensitive skin user," and gaining distribution. Even Revlon got into the act, launching New Complexion makeup and press powder that are both fragrance-free and non-irritating in June 1987.

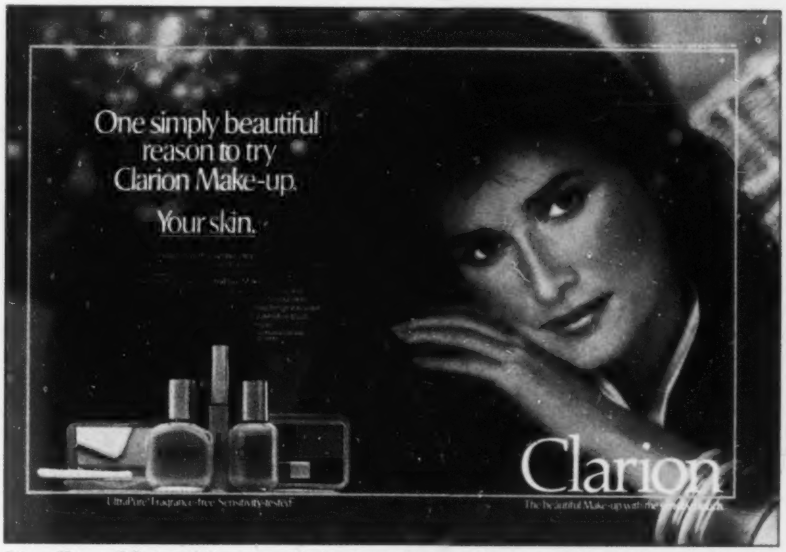
Many in the industry dub Clarion as the mass-market's answer to Estée Lauder's Clinique, and it is an appellation that Noxell does not take exception to. While marketer Troup says he "admires" Clinique, he adds that Clarion is positioned at a "broader target than hypo-allergenic." Noxell's research shows that more than half of all women identified with sensitive skin. "We feel that more women can relate to 'sensitive skin' than can relate to 'hypo-allergenic,' " he states.

In fact, Clarion never uses the word "hypo-allergenic" in its advertising. "UltraPure," "Fragrance-free," "Sensitivity-tested" are used instead. The theme line, "Makeup so pure, even women with sensitive skin can wear it. And so beautiful, every woman will want to," reaches women who want beauty as well as pure makeup.

Noxell "learned the rules of the mass-market game from Cover Girl," which it introduced in 1961, says F. Stone Roberts, group executive vice president of Lintas New York, who manages the Cover Girl, Noxzema, toiletries, and until recently, Clarion accounts.

Clarion's strategy — "to look like an important, mainstream cosmetic immediately" — is different, as Roberts tells it. Instead of one product at a time, Noxell launched an 85-item Clarion collection "all at once." While Cover Girl advertising has that "authority to build on," he adds, Clarion "came out of nowhere. It had no prior meaning, grasp, authority or identity." Clarion also, unlike Cover Girl, chose not to use celebrity models such as Christie Brinkley or Carol Alt and instead picked one model who would "not be intimidating," Roberts says.

To launch Clarion, Noxell used a "blockbuster effect" of six-page and four-page inserts and printed the inserts on better quality, 60-pound stock. "It's not just a new line of cosmetics," says Len Lipson, Lintas' senior vice president and group director of media planning on the Noxell business. "It's a new line of cosmetics based on the four color groups and the Clarion computer. The consumer had to be made aware all at once of all these factors."



Noxell used lots of four- and six-page inserts in specialty and mass books to herald Clarion's arrival. Above, a recent spread.

Lintas communicated Clarion's message dramatically and immediately by using prime-time tv specials and magazine gatefolds. "The thing was to be extremely important where we were and to stand out, especially in the beauty and fashion books," says Lipson. Clarion's advertising ran on prime-time tv specials such as *The American Music Awards* and the *Emmy Awards*, and on the "higher-rated women-appeal" programs such as *Dynasty*, *Dallas*, *Moonlighting* and *Family Ties*.

Print ads ran not only in beauty and fashion books, such as *Mademoiselle*, *Glamour*, *Vogue* and *Cosmopolitan* "for their beauty and fashion authority," says Lipson, but also in women's service books, such as *Good Housekeeping*, *McCall's*, *Redbook* and *New Woman*, which would "allow us in print to reach the mass audience that we knew Clarion would appeal to." Lintas also chose *People* for "its immediacy and newsworthiness," and *Working Woman*, Roberts says, because Clarion was "capturing the intelligent woman" who appreciates a high-quality product in the mass marketplace.

Thanks to the good relations Noxell

has forged by its salesforce's close supervision of Cover Girl, Clarion found ready acceptance in chain drug stores. Noxell designed a good-looking display that would hold Clarion products as well as an easy-to-use computer. "The cosmetic computer was an exciting new merchandising technique no one had ever tried in the mass market," says analyst Salzman. The Clarion Personalized ColorSystem works as easily as a cash machine. Women answer questions about their skin type, complexion, hair and eye color. The computer then recommends specific Clarion products and color groups from which women can choose.

The trade and even Noxell's competitors have responded favorably to Clarion's computer. "The computer is different. It gives it that department-store image," says Nancy Stone, divisional merchandise manager at Revco Drug Stores, Inc. of Twinsburg, Ohio. "Their computer was a good system to primarily convince the trade" to put the line in their store, says Maybelline's Mulloy.

Consumers such as Joni Dietrich of North Brunswick, N.J., found the computer worked as a "gimmick" to lure her to the brand and to make multiple purchases. "I thought it was rather clever," she says, "so I tried it, and I ended up buying more than just blush: I bought all the things that matched it."

In a fashion-color business, the line is constantly changing and evolving. The collection as of this past January boasts 140 items, including a new eyeliner, new blushers and improved color shades. Last July, Clarion introduced a nail polish and new eyeshadows. As Revco's Stone notes, "If they see an item not moving, they're already changing shades and replacing it with something else."

The company is developing a skin-care line that will probably be ready for introduction in the spring or summer, Salzman says. Troup will not specify whether the products — probably a cleanser and moisturizer — will be tested first or launched nationally.

For all of its success, however, there are some warning signs. Consultant Mottus thinks Clarion sales slowed last year when retailers moved the products from the display units to the wall and that Clarion is missing the repeat purchase. Troup does admit that with the initial heavy sell-in, "maybe there was some sluggishness." Some buyers, in their enthusiasm, overpurchased. In hindsight, he says the company might have been better advised to control distribution more closely. The problem has been corrected, and he adds, according to Nielsen, Clarion's turnover in chain drug stores is "second only to Cover Girl."

Nevertheless, in its insistence on making Clarion a "strong and long-lasting force in the marketplace," Noxell switched the brand's advertising to Leo Burnett. "We're so heavily advertising oriented," Troup says carefully, "we want to be sure the message we give to the consumer is the clearest and most motivating."

This commitment to advertising, and its proven success with Cover Girl, has earned Noxell respect in the trade, according to retailers, analysts and competitors. "Noxell's behind it," says Revco's Stone of the Clarion launch, which means consistent advertising. "They're going to do whatever they can to keep the line going."

In a first-ever award listing in Goldman Sach's winter 1988 *Fragrance and Cosmetic Buyer Survey*, Clarion and Noxell cleaned up. Clarion won 1987's "Best New Product," Noxell was voted "overwhelmingly" as "Best All-Around Vendor," and the company won "by a landslide" for "Best Salesforce."

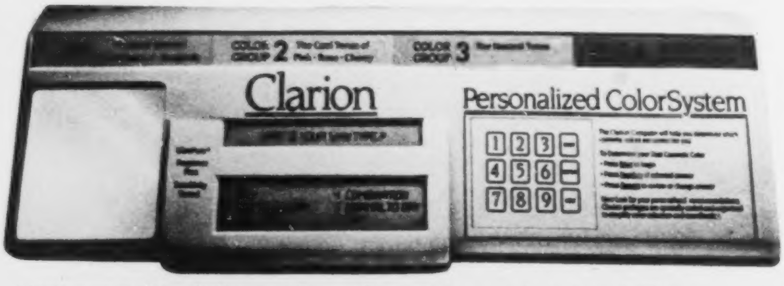
Not immodestly, Troup wants it known that, "The sensitive-skin category in the cosmetic market is the fastest growing. And one of the reasons is because we're in there." As he puts it, "We're a beauty product first and foremost." And in 1987, at least, Clarion was a pretty sight, indeed. ■

CLARION

Media Expenditures
January-September 1987 (000)

	Media total	Network tv	Spot tv	Magazines
Clarion cosmetics	$19,291.0	$14,948.6	$5.5	$4,336.7
Clarion eye make-up	40.5	–	–	40.5
Clarion make-up	432.3	–	–	432.3
Totals	**$19,763.8**	**$14,948.8**	**$5.5**	**$4,809.5**

Sources: Leading National Advertisers; Media Records doesn't report quarterly newspaper expenditures; no cable, network and spot radio, Sunday magazines or outdoor were reported.



Consumers found the mystique of computer analysis irresistible.

FOOD PRODUCTS: KELLOGG

CRUNCHING THE COMPETITION

Kellogg put the snap, crackle and pop back in the cereal market, and earnings that nearly doubled were the cream on top.

by Rebecca Fannin

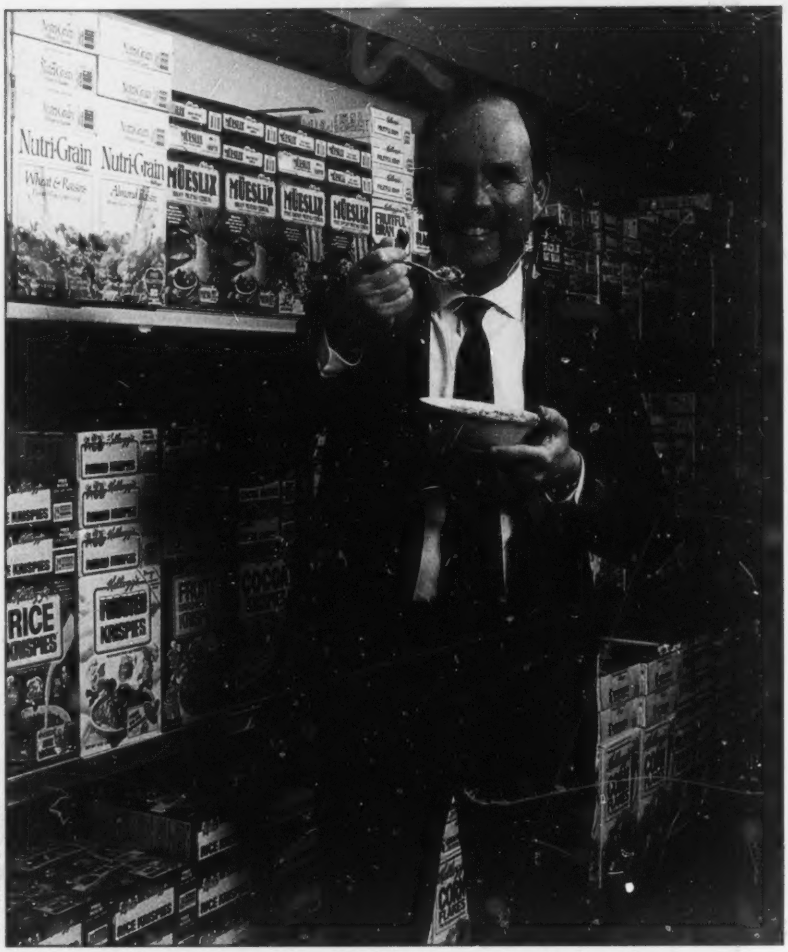
In the late 1970s, the smart talk had it that Kellogg Co. had lost its crunch. Though still the leader in the cereal business, its market share was flaking and its new products sparse. The question continually being asked by the financial analysts and the business press was: Why didn't Kellogg's diversify, like competitors General Mills and Quaker Oats, into livelier businesses? After all, everyone *knew* that the cereal market was going nowhere fast.

It's very nice to have the last laugh, and that sound you hear is Kellogg having just that. The Battle Creek, Mich.-based company has proved the skeptics wrong. Not only has Kellogg stuck with cereals, but it has prospered and helped to expand the entire cereal category. Overall sales were up 4% last year, ending a long-term slump.

The keeper of such cultural icons as Tony the Tiger and Snap, Crackle and Pop accomplished this feat with a mix of marketing savvy, technological innovation, advertising power and supermarket clout. For instance, Kellogg almost single-handedly envisioned and created an important market segment by capitalizing on adults' growing concern over eating a healthier breakfast. Adult cereals, often bran-based, now account for $2 billion of the $5 billion in sales rung up in 1987 by the cereal industry. And as in the total market, Kellogg dominates, with 12 adult brands that account for 50% of that $2 billion category.

Last year was one of its best ever. Kellogg came barreling into the market with a slew of new products, most of which found consumer acceptance. There was Mueslix (an upscale version of granola with a European heritage), the health-conscious Nutrific (which combines barley, bran, almonds and raisins), Pro Grain (a honey-coated

Kellogg's CORN FLAKES
Just Right
Just Right
19
HONEY SMACKS
Crispix
PRO GRAIN
BRAN FLAKES
CRACKLIN' OAT BRAN
ALL-BRAN
ALL-BRAN Extra Fiber
FRUITFUL BRAN
NEW FRUITY MARSHMALLOW KRISPIES
FROSTED KRISPIES
LOW SODIUM RAISIN BRAN
ALL-BRAN
BRAN BUDS
Raisin Squares
COCOA
Kellogg's CORN
Nutri-Grain
Nutri-Grain
Nutri-Grain
Strawberry Squares
Apple Squares
APPLE RAISIN
NUT & HONEY CRUNCH
FROSTED MINI-WHEATS
Nutri-Grain
Nutri-Grain
Special K
MUESLIX
MUESLIX
NUTRIFIC
APPLE JACKS
RICE KRISPIES
FROOT LOOPS
FROSTED FLAKES
RAISIN BRAN



J.M.T. PHOTOGRAPHY

Kellogg's Mike Simpson takes special pleasure in the fact that growth came despite heightened competition.

multi-grain cereal) and plenty of line extensions. Kellogg also became the first to bring out a snack pack of high-fiber cereals.

These maneuvers have proved so galvanizing that Kellogg's overall market share jumped from 41.5% in 1986 to 43% in '87. Its share had been as low as 38% in 1982. Much of the '87 advance can be attributed to the popularity of both Mueslix and Nutri-Grain Nuggets, a line extension. Both cereals grabbed a 1% stake of the market last year. That may not sound impressive, but Kellogg's own leading Frosted Flakes accounts for only 6% of the total market. There are over 100 cereals brands on sale in the U.S.

Though Kellogg has been busy opening up market niches, it has hardly forgotten its winners. The company has made a renewed commitment to support such established brands as Rice Krispies, Frosted Flakes, Special K, Froot Loops and, yes, Corn Flakes. Most remarkably, not one of these brands has lost a share point over the past six years.

And tastiest of all for Kellogg, perhaps, is that it has caught its competitors napping. General Mills (GM), Kellogg's chief foe, has spent the last couple of years focusing on the chronically tangled kids' market with such items as Rocky Road, Circus Fun, S'mores and Kix and has barely eked out a single share-point gain since 1982. Now it is busy zeroing in on the nutrition-conscious segment of the cereal business so successfully mined by Kellogg. GM introduced Raisin Nut Bran in 1986, and last year, Fiber One was paraded by with a well-backed, highly comparative ad campaign.

"The competition in 1987 was more aggressive than ever before," affirms Mike Simpson, executive vice president of marketing and sales at Kellogg, "yet it was one of the best years we've had in the past five." Sales shot up 14%, and earnings spurted nearly 24%, almost double the performance of recent years.

"Kellogg is the finest food company in the country, but it's also one of the least recognized corporate successes," comments Dan Swander, a former management consultant for Kellogg at McKinsey & Co., who has since formed his own firm in San Francisco.

One reason for that may be that Kellogg generally keeps a low profile. Its executives are not known for having loose lips with the press. Also, the company had a reputation among its employees and customers as being myopic and high-handed.

A common criticism was that Kellogg placed a higher priority on keeping plants operating at full capacity than in finding out what consumers wanted first, according to two former marketing executives. Research often occurred by management whim rather than detailed demographic and psychographic analyses, say the executives. "They'd line up 10 cereals and vote on which one to launch, as though they were voting for America at large," says one former manager.

And sure enough, some of the new cereals didn't last long in the marketplace. OJ's, a cereal sweetened with fruit juice, barely lasted a year before being yanked in 1986. C-3POs, a licensed product named after the *Star Wars* robot character, also was discontinued in '86 after only two years on the market. Licensed cereals, in fact, may be a thing of the past for Kellogg. "We want more sustaining products that are nutritious," notes Simpson.

Such failures have been rarer since Kellogg forced itself to take a candid look at its operations in the early 1980s. At that time, the company called in outside consultant McKinsey & Co. to help decide how to reverse a shrinking market share. "There's no question that we were involved at the highest level in laying out a direction of priorities," says Swander, who was one of those working for McKinsey on the project. "We were one of several voices — their ad agency [Leo Burnett] had comparable convictions — saying that they had a lot at stake in the cereal market. Although it was well documented they were losing share, there was an unparalleled level of return on equity and earnings."

The problem, however, was that the cereal market was hardly booming. Indeed, the other cereal producers were busily diversifying. General Mills got further into upscale retailing and fast foods (it is now attempting to sell off Eddie Bauer and Talbot's). Quaker got into retailing and direct marketing but now is likewise shedding those units. Third-ranked General Foods brought out only two new cereals in six years.

Although Kellogg hedged its bets too, it stayed closer to the breakfast table with small, successful acquisitions, such as Mrs. Smith's pies and Salada teas. It also jumped into the yogurt market with the superpremium Whitney's brand — but has found the going rough. Competition has gotten so tough in the field that Kellogg has had to pull the brand out of the supersaturated California market.

What convinced Kellogg to continue its 100-year-old commitment to cereals was a simple discovery no one else seemed to have made: A bubble of young adults was becoming obsessed with getting rid of high-fat, cholesterol-ridden breakfasts and were looking for lip-smacking ways to take in more fiber. "We looked at consumer eating patterns, competitive activities and demographics," tells Swander, "plus the economics, and that's what made up our minds."

Kellogg's strategy was ridiculed at the time. "At first they looked dumb for not branching out," says John McMillin, a financial analyst with Prudential Bache. "Now they look smart," he adds.

But Kellogg knew that decision was only the beginning. The company began recruiting MBAs in marketing who understood the scope of packaged-goods disciplines. At the same time, Kellogg increased its research-and-development spending from $20 million in 1982 to $38 million in 1986. It also began using psychographic research to find out why consumers were buying certain types of cereal. Ad budgets were boosted too. They've more than doubled in five years.

Kellogg's

Media Expenditures
January-September 1987 (000)

	1987	1986
Magazines	$ 2,802.9	$ 734.7
National Sun. mags.	70.8	—
Network tv	213,611.2	163,316.8
Spot tv	60,296.9	47,668.7
Network radio	17.2	400.0
Spot radio*	—	8,424.0
Outdoor	3.7	22.2
Network cable	4,279.8	3,342.1
Total	$281,082.5	$223,908.5

*Sources: Leading National Advertisers; *Radio Expenditure Reports. Media Records doesn't report quarterly newspaper expenditures.*

"We know more about the ready-to-eat-cereal market than anybody else," brags Mike Simpson, who has held marketing or management posts at Kellogg for eight years. And Kellogg can put a lot of that knowledge to use, because the company is known for having a pretty stable top-management crew. Christopher McNaughton, former president of Kellogg's U.S. food-products division, has been one of the few to defect. He left to form a video production company in Arizona after an organizational change promoted Horst Schroeder, the former international president, as head in the U.S.

During that period of internal rethinking, the first outward sign that Kellogg might know something its competitors didn't was the Nutri-Grain line. It was assigned to ad agency J. Walter Thompson, which before had worked exclusively on Kellogg's international business. (Recently, Leo Burnett has been picking up some assignments in this important area, which accounts for one third of Kellogg's sales.)

JWT had lobbied for several years to get a prized piece of domestic business. Once it got Nutri-Grain, the agency and client worked behind closed doors for 18 months to perfect it, according to a former manager at the agency. It was Kellogg's first cereal with whole grain, no sugar and no preservatives, and the company devised a media plan that favored highly selective life-style magazines to explain the product's uniqueness instead of relying on Kellogg's typically heavy tv schedule. The company was so confident that it rolled nationally without test marketing. Significantly, Nutri-Grain helped to move health food, which most people thought was for fanatics, into the supermarket.

The line also gave Kellogg a chance to show off a newfound persistence. Rye and barley flavors were pulled and replaced with another variation in 1982: wheat with raisins. Then, two years ago, it added almond raisin. Nutri-Grain has steadily improved its market claim. The Nutri-Grain family share is nearing a 2% market share.

Kellogg made another bold move in 1984 when it broke (through JWT) a controversial campaign for All-Bran cereals. No food company had ever made a link between a proper diet and cancer prevention before. Today, Kellogg nearly owns the bran franchise, an important segment that has grown to 13% of total cereal sales.

Comments former president McNaughton, "I would characterize that campaign as a marketing coup. Other companies could have done that too, but Kellogg was the one brave enough to make a statement."

Last year, the cereal giant proved once and for all that it has done its homework well. Some of the new products are the result of a costly research-and-development process. One line of cereal squares for the first time wraps grains around a fruit chunk. This technology is still exclusive to Kellogg, and the cereals that use it — Raisin Squares and Cinnamon Apple Squares, for example — are a big hit with consumers.

Other new brands boldly capitalize on the health craze. A box of Nutrific, for instance, comes with a small booklet that has height and weight tables, cholesterol counts, a nutrition guide and a checklist for exercise habits.

The new products also have plenty of advertising support. Mueslix carries a $33 million ad budget, Pro Grain has $30 million and the squares products, $31 million — far more than Nutri-Grain's $8 million launch budget seven years ago.

Meanwhile, established brands such as Corn Flakes get about $19 million in annual support. In addition, there's a tighter focus in the advertising to make sure each brand (some of them very similar) appeals to distinct audiences. "That's the secret — to be sure that we have the right kind of advertising and enough of it," says Kellogg's Simpson.

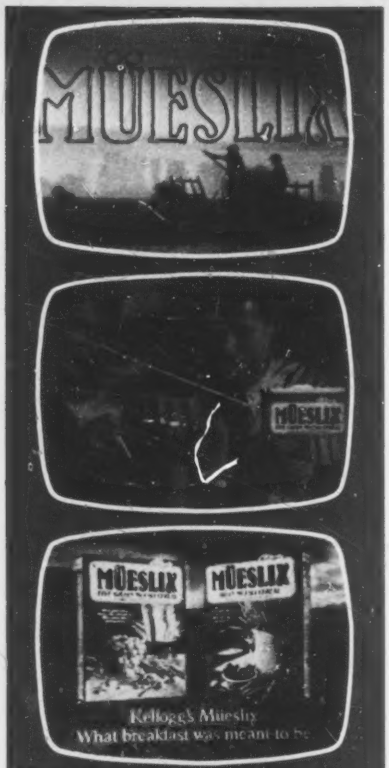
For instance, the campaign for Mueslix bargains on a European heritage, and advertising for the squares products hammers incessantly about the fruit in the middle of the cereal.

Kellogg's $224 million advertising budget, most of which is spent in either network or spot television (except for free-standing inserts and magazines for coupons), also looks more contemporary overall. "I'm aware that they've stepped up to the plate on spending," says one marketing executive at General Mills. "And their ads are a vast improvement on the life-style type they were running before, with more focused commercials that tell product benefits," he says.

Commercials show tennis players being beaten by fiber-eating opponents, swimmers made deliciously slim by consuming flaked grains and romantic couples strengthening their bond by eating right (Kellogg's cereals). "Kellogg has woken up its competitors, and one of the reasons has been that the commercials are more focused and modern," says Bill Lynch, vice chairman of Leo Burnett.

J. Walter Thompson, which has been landing many of the new-product assignments in the U.S. (including Nutri-Grain Nuggets and Mueslix), also has noticed the change. "The effects of a change in direction are taking hold," says John Scott, executive vice president at JWT. "There is more sensitivity to positioning and more faith in advertising. Their attitude is one of leadership."

There have been other smart moves by the marketing department at Battle Creek, Mich. The packaging of Kellogg's cereals looks oh-so-pure. The boxes are either snowy white or glowing honey to play up the health positioning, and that sure stands out in



Mueslix had a $33 million ad budget to communicate its natural image.

supermarket aisles.

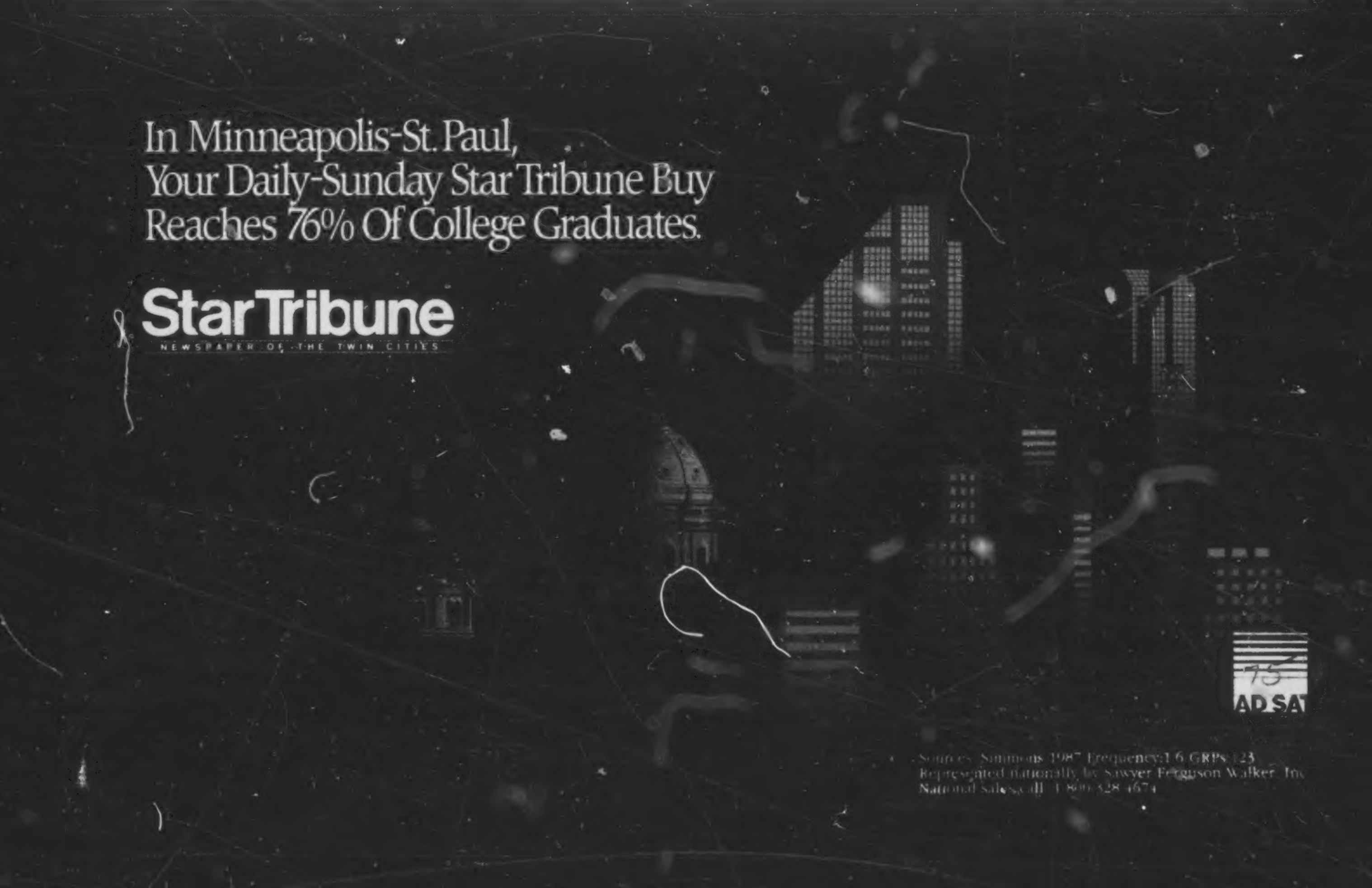
Then, too, Kellogg has found out that Mary Poppins was right when she sang "A Spoonful of Sugar." Kellogg has made sure its new cereals are loaded with dates, raisins, apples, hazelnuts and almonds, and even a dash of sugar or corn syrup. "If you put fruits and nuts in it, you can sell it," comments one agency executive who used to work on the account. Kellogg has even gone back and added fruits and nuts to other cereals such as Just Right, which originally appeared in 1985.

Other food companies might take another lesson from Kellogg for the way it handles the trade. For one thing, Simpson says Kellogg has a policy against paying slotting allowances, those nasty fees retailers increasingly are demanding to stock a new product in the warehouse. The company takes an aloof stance with the trade in other ways. "They're not very cooperative about off-invoice allowances or other merchandising fees," complains Tedi Mullins, a buyer with the Greater Atlantic Pacific & Tea Co. She also dislikes Kellogg's forcefulness in introducing products. "They forget that we need time to get ready for a new product and set the initial ship date just a few weeks after the product announcement," says Mullins.

With mighty Kellogg pumping funds into consumer advertising to create demand, the trade finds itself with little clout. "Kellogg is Kellogg; they act like they're king," says another buyer, Judy Graf, at Safeway. But she adds, "They normally have the money to thoroughly advertise the products, and they have well-conceived items."

Affirms Simpson, "We see sales promotion as a short-term strategy and we'll spend what we have to there, but we're certainly not pushing promotion over consumer advertising."

That kind of confidence comes from being on top of the heap. While necessity was the mother of invention for Kellogg's dramatic turnaround, the company deserves credit for realizing its errors and correcting them in such a bold and crafty manner. Now competitors are having to admit that they're not the ones to have the last laugh. ■


In Minneapolis-St. Paul,
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Reaches 76% Of College Graduates.

Star Tribune
NEWSPAPER OF THE TWIN CITIES

ADSAT

Sources: Simmons 1987 Frequency:1.6 GRPs:123
Represented nationally by Sawyer Ferguson Walker, Inc.
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7TH AVENUE'S BAD BOY

Obnoxious, maybe; a hit, definitely. Murjani's Hilfiger struts his stuff.

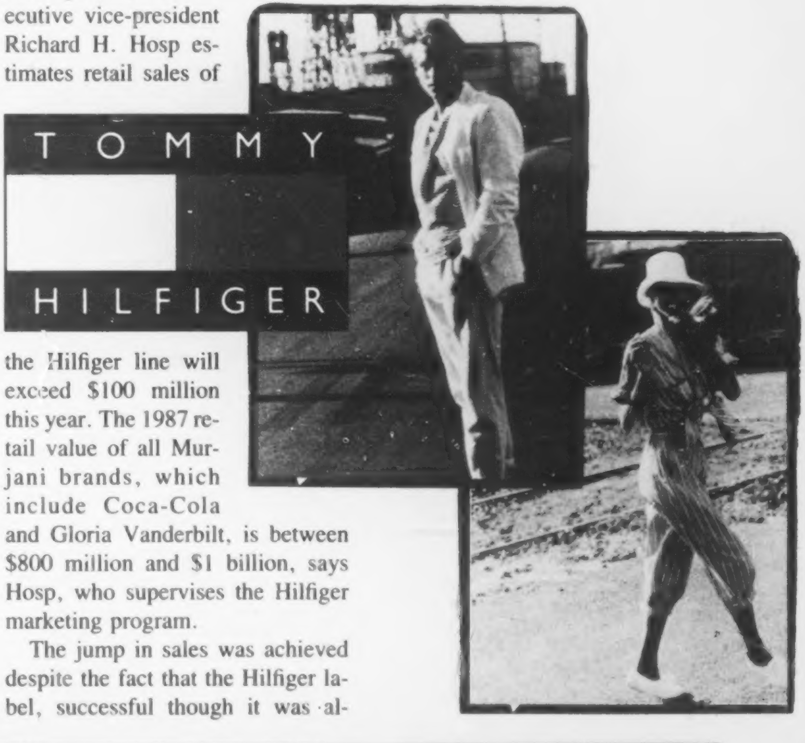
by Amy Alson

In 1987, a name so silly sounding it had to be real began tripping up many casually fashionable folk across the country. They were talking about "Tommy Hillfinger [sic]," as in, "Hey that's a nice shirt. Who makes it?" "Tommy Hillfinger."

Well, it's Hilfiger — one "l," no "finger." The misnomer had been spread far and wide thanks to a high-impact, low-cost print and spot-television campaign that sparked rapid-fire word of mouth and helped elevate a boastful mystery man into near top-of-mind awareness among consumers. And to be sure, when a shopper asked for "Hillfinger" clothes at Saks, the two-year-old Hilfiger sportswear line marketed by Murjani International Inc. didn't lose out.

Last year was a difficult year for the nation's top retailers. Even mass fashion-merchandising stars like The Limited Inc. and The Gap Inc. had lost steam by mid-year. It was a tough time for apparel manufacturers too. Industry darling Liz Claiborne Inc. withdrew its children's wear from the market after a poor reception, and its Claiborne line of men's clothes didn't sell well either, say industry analysts.

But the shrewd marketers behind the two-year-old Hilfiger label produced a selling line of clothing and an enviable marketing success. In 1987, the Hilfiger brand rang in $70 million in retail sales, more than twice the previous year's $32 million retail sales. Expansion helped, but so did growth per outlet. New York's Columbus Avenue store posted a 10%+ growth in 1987 on the previous year's high $2,000-per-square-foot sales.



Privately held Murjani won't disclose profits, but executive vice-president Richard H. Hosp estimates retail sales of the Hilfiger line will exceed $100 million this year. The 1987 retail value of all Murjani brands, which include Coca-Cola and Gloria Vanderbilt, is between $800 million and $1 billion, says Hosp, who supervises the Hilfiger marketing program.

The jump in sales was achieved despite the fact that the Hilfiger label, successful though it was al-

TOMMY

HILFIGER

Yes, there is a Tommy Hilfiger, here flanked by Murjani's Hosp (left) and ad man Lois.

ready proving to be for Murjani, had an advertising allowance of only $1.4 million in 1987. Against a backdrop of heavy-spending fashion advertisers kneeling, twisting, crawling and crying luridly from national fashion magazines and network television, Hilfiger's thrifty punches in print and limited local tv spots stood out, appealing to American consumers with self-assured — if cocky — humor and refreshing decency.

There is, indeed, a Tommy Hilfiger. The 36-year-old designer is the creative mind behind the sportswear line bearing his name. He also has a say in all marketing decisions related to the line, Hosp says. In 1987, Hilfiger, Hosp and the agency Lois, Pitts, Gershon, Pon/GGK made people want to buy Hilfiger, from Seventh Avenue in Manhattan to Osaka, Japan.

At the agency, chairman and creative director George Lois created the ads and former president and media director Dick Gershon conceived the 1987 media strategy, which relied almost exclusively on national magazines. (Gershon left Lois Pitts in November and now is an independent consultant.)

Marketing Tommy Hilfiger means more than selling clothes. Like most fashion brands these days, Hilfiger promotes an image rather than any truly new designs. In the same way his role model, Ralph Lauren, peddles the English-gentry-in-the-country look, Hilfiger offers a clean-cut-but-slightly-off-center all-American look.

Ad man Lois admits it's nothing terrifically original; it's the way the line is advertised that makes it sell, he insists. In fact, that's why no clothing ever appears in Hilfiger ads. "I can't make [Hilfiger's] clothes look any better than anyone else's. It's an idea that we sold," he explains.

One of the basic ideas in all the Hilfiger ads is to vault Tommy, warranted or not, into the same league as well-established designers in the apparel buyers' and consumers' minds. Says Gershon, "Ralph Lauren has worked for some 25 years to get where he is. Tommy is trying to hitch on that." Hilfiger had been designing sportswear for about 10 years before Murjani hired him to do his own line.

The basic elements of the Hilfiger line are baggy khaki slacks and an oversized cotton shirt. This is casual attire primarily for men who aren't at home in high-fashion togs but who want more style than dungarees and a T-shirt. Hilfiger fans tend to be young — 20 to 35 years old, says a reporter at *DNR*, the menswear-industry newspaper. However, Hosp insists the line sells to men aged 25 to 45. These play clothes aren't an inexpensive impulse buy for the average guy: The basic shirts start at $42, says Hosp, and wool sweaters range up to $120.

A Hilfiger line for women exists, but it's mainly for women who like oversized, man-tailored clothes, Hosp admits. The ads are unisex, since they don't show any of the clothes being modelled.

The Hilfiger marketing team had several tasks to accomplish last year: to expand brand awareness geographically, to keep the creative fresh without being so "cheeky" (Gershon's word) as to alienate apparel buyers and to do it with very little money.

Hilfiger's ads since 1985 had drawn attention for the gutsy aggressiveness they display. Indeed, some criticized the brand's first campaign (fall 1985), which ranked then-unknown Hilfiger in a league with Calvin Klein, Ralph Lauren and Perry Ellis. Says Lois, "He skyrocketed from an unknown, and it pissed off a lot of people on Seventh Avenue."

But that calculated arrogance has brought Hilfiger lots of free publicity, as celebrities from Johnny Carson to John Weitz commented publicly on the ads and the clothes. A Lieberman Research Inc. study conducted in 1986 showed that of 100 people interviewed in New York, 68% mentioned Tommy Hilfiger

among the first four or five "important designers" to come to mind. Calvin Klein was named by 72%.

Hosp says no brand-awareness research was necessary in 1987 since the results were so convincing a year earlier in New York. He is now considering commissioning a nationwide survey this year to gauge Hilfiger's potential for licensing.

The 1987 Hilfiger campaign — which was kicked off in February in the swimsuit issue of *Sports Illustrated* — had to maintain that feisty cheekiness associated with Hilfiger but in a positive way. Benign bitchiness, a typical characteristic of the provincial yuppie, had become an essential part of the Hilfiger image, but that's a difficult balance to find and sustain.

Lois's 1987 campaign once again took on the entrenched competition, but this time Hilfiger toyed with institutional clothier's mascots — the Izod Lacoste alligator, the Brooks Brothers lamb, Ralph Lauren's Polo horse — and not with individual designers' names. Besides, Hilfiger's name was already known, his flag logo less so. In consecutive spreads, or consecutive thirds, the animal logos chase each other out of town, and a victorious red-white-and-blue Hilfiger flag is displayed.

Since Hilfiger's 1986 campaign had been aimed mainly at the garment industry, it was concentrated in New York City, using outdoor media in the garment district and a one-time multi-page ad in the Sunday *New York Times Magazine*. But in 1987, Gershon says a top priority was to spread Hilfiger's name among consumers nationwide — without abandoning the trade.

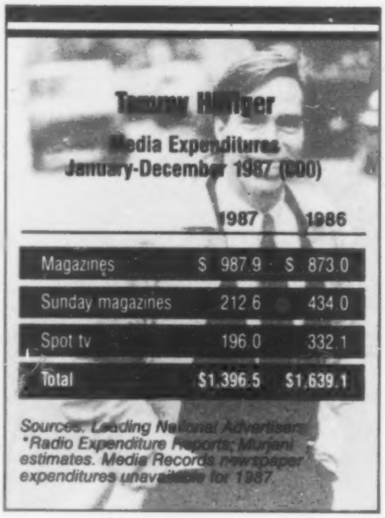
Gershon opted to spend 90% of the budget on magazines. In addition to the Sunday *Times* magazine, Gershon says, he expanded the schedule in 1987 to include *Newsweek* (metro editions), *People, Sports Illustrated, GQ, W, Esquire, Elle* and *USA Today*.

As before, Hilfiger ads ran infrequently, with the emphasis on getting one big bang rather than a lot of little pops. They ran four times in *People*, three times in *Newsweek*, twice in *Esquire* and *GQ*, and once each in *Elle* and *W*. A lot of money went to the *New York Times Magazine* for six successive pages (three spreads).

"Cost-efficient is the wrong word" to describe the strategy, says Gershon. "Spreads and four-page ads are not by traditional terms 'efficient.' But we gave up efficiency for dramatic effect. There's something to this business besides efficiency."

In *Sports Illustrated*, for example, the multi-page ad ran only once, but it was in the swimsuit issue, which delivered a circulation bonus of 400,000 to 500,000, Gershon says.

TOMMY
HILFIGER



Tommy Hilfiger
Media Expenditures
January-December 1987 (000)

	1987	1986
Magazines	$ 987.9	$ 873.0
Sunday magazines	212.6	434.0
Spot tv	196.0	332.1
Total	**$1,396.5**	**$1,639.1**

*Sources: Leading National Advertisers *Radio Expenditure Reports; Murjani estimates. Media Records newspaper expenditures unavailable for 1987.*

Why wasn't *Vogue* included, though Hilfiger sells to women and *Vogue* is often considered a must-buy for serious fashion advertisers? Gershon replies: "The women's books are pretty expensive." Besides, the *New York Times* magazine reached the trade, and "women read *People* and the *New York Times*, and they also watch tv."

For tv, which ran only in New York, Lois adapted the print ads for 10-second spots by animating the alligator, lamb and horse, all succeeded in the final frame by the triumphant Hilfiger flag. So the same message was spread to even more people quite inexpensively. The spot ran in "fringe hours," such as on late news, Gershon says.

On the campaign's effectiveness, Richard Hosp says style-conscious New York remains Hilfiger's strongest market, but the brand's biggest customers are department stores, including the Neiman-Marcus Co. chain in the South, Marshall Field's in the Midwest and Saks Fifth Ave. nationwide.

A sales manager at Saks in New Orleans says, "Mostly college kids who see it in *GQ* or on someone at school" buy Hilfiger clothes. The brand occupies about a third of the floor area it shares with Claiborne and Perry Ellis America, and the mannequin on the aisle wears Hilfiger.

Adds Cynthia Parks, a buyer at Independent Retailers Syndicate Inc., a buying service in New York, "Tommy does very well with basic items, like the khakis and shirts, at any of my [clients'] stores all over the country, from specialty shops to department stores to mass merchants."

While distribution through chain stores grew in 1987, so grew the chain of free-standing Tommy Hilfiger retail shops, which are all owned and operated by Murjani. By the year's end, nine Hilfiger shops were open: in Los Angeles, San Francisco, Georgetown, Princeton (N.J.), Stamford (Conn.), Manhattan (two stores), Osaka and London. The New York shops alone account for 10% of all Hilfiger sales, Hosp says.

To expand distribution and maintain control over selling environment, Murjani is developing a chain of Hilfiger stores that would look identical to the company-owned stores but would be independently owned. The first of these outlets should open by the end of this year, according Hosp. Already, Murjani has plans to license the Hilfiger name to at least three manufacturers this year, though Hosp won't name the products or the licensees.

The challenge of marketing Hilfiger was "to make an unknown famous fast," Gershon says. Apparel-industry marketing consultant Harry Bernard agrees, "Murjani has made the most effective use of the media" to make Tommy Hilfiger known. Now Murjani should only hope that "his product [is] as good as his hype." ■

ELDRED'S AFTERLIFE

Founder Ken Eldred uses Inmac's catalog to stay on top of the growing computer aftermarket.

by David Kalish

Hunched over computer keyboards and half-eaten sandwiches, Bell Labs' elite group of top-flight engineers burned many a candle this past year to help keep AT&T's vast communications network up to snuff. But over in Bell's accounting offices, pencil scrapers quietly savored a lesser known 1987 accomplishment: a 23% price break on all computer accessories from its largest mail-order supplier — Inmac.

To be sure, last year's deepened discount was welcome news for the communication giant's research arm, which bought more than $400,000 worth of Inmac floppies, user-friendly desks, printer stands and the like in 1987. But from Inmac's end, the sweet deal was more than mere business-as-usual. It was part of an ambitious effort in 1987 to attract and hold large-volume customers to bolster its 10% share of the highly fragmented computer aftermarket.

Largely thanks to Inmac's popular, plain-talking catalog — it plays up product benefits in simple, nontechnical language — the mail-order company got its foot in more than a few doors last year. Observes catalog consultant Dick Hodgson, president of Sargeant House in Westtown, Penn., "Inmac forgets they are in the computer field and treats [the catalog] as if they are selling to someone who doesn't know anything about computers."

Experts credit the one-two punch of well-worded direct mail and savvy sales tactics for Inmac's rapid expansion in 1987. Among those heavy-hitters who recently threw large chunks of business their way: NYNEX, Bell Communications and Boeing.

Inmac's targeted mailings and salesforce of roughly 75 people — it was strengthened by some 15% last year — racked up another banner year in 1987. The firm did about $165 million in business, up 33%. The company's net income, $7.7 million, grew more than 50% from a year earlier. And despite the nature of the business, which sets scores of small regional competitors nipping at its heels, Inmac managed to stay on top of the $1.6 billion direct-response computer aftermarket by a wide margin.

Last year, the Santa Clara, Calif.-based firm's success became a matter of public record, with the company's stock offered for the first time on Wall Street's over-the-counter market. With a bevy of new computer products introduced in 1987 or slated for release in 1988 — many requiring newly designed furniture, cables and the like — the future bodes well. "They're very aggressive people," applauds Joan Merlis, an analyst with Salomon Brothers in New York, one of three major underwriters of Inmac's stock.

At the helm of Inmac is CEO and founder Kenneth Eldred, a self-taught ad man and media sharpshooter who brings a much needed sense of marketing law and order to the decentralized computer-parts industry.

Eldred knew an expansion-ripe market when he saw one. Back in 1976, when Silicon Valley was attracting entrepreneurs from all walks, the Stanford University-educated businessman, with a paltry $5,000 initial investment, launched an aggressive attack on the computer aftermarket.

He and co-founder James Willenborg laid painstakingly detailed, long-range plans that relied primarily on direct mail to deliver the firm's message of dependable quality and service. "We started the company with pad and pencil in one hand and David Ogilvy's *Confessions of an Advertising Man* in the other," Eldred says.

CINDY CHARLES

Eldred's flip style comes through in Inmac's pitch.

In ten years flat, Inmac has grown from a scrappy self-starter to a direct-mail power with 1,100 employees worldwide. Today, Inmac's comprehensive, easy-to-read catalogs, produced and written in-house, are still the primary vehicle for attracting and maintaining a worldwide stable of satisfied customers, and Inmac continues to rely heavily on its highly knowledgeable phone jockeys to guide prospects through the catalog offerings. The mail efforts, however, are now getting additional support in the field from account people sent out to personally drop in on firms, either to beef up business with existing clients or to scope out potential customers.

Eldred's marketing manifesto involves convenience, service and consistent and entertaining communication. Underscoring that emphasis is a fact that competitors like to stress: By industry standards, Inmac is not cheap. "They're extremely high-priced. If you take our catalog and compare it to theirs, you see a big advantage," insists Robert Leeds, president of Plainview, N.Y.-based Global Computer Supplies, which claims roughly $35 million in annual sales.

Is Inmac pricing some customers out of their market? Acknowledges Inmac Northeast division sales manager Lynne Russo, who helped win a $93,000 piece of business this year from Crum & Forster, "If there are cases where that's the only thing customers are interested in, that may be true." However, experts say Inmac's mainstay clientele — 85% of its business is with companies of more than 50 employees — care more about quick delivery and long-lasting products. "Their market niche isn't the super, super price-sensitive," says Merlis.

In addition to Inmac's lifetime guarantee, clients praise its broad selection of quality products, approximately 2,400 items strong; swift delivery (most goods are delivered within 24 hours of the order); and, of course, the regularly updated and easy-to-read catalogs. "I would give [Inmac] a '10,' if I had to rate them, as one of the vendors I enjoy doing business with," raves Dana Waszczak, an assistant buyer at the AT&T Bell Laboratories facility in Murray Hill, N.J.

Of prime importance to Inmac's success are finely honed direct-mail techniques, and central to this area is a meticulously updated mailing list of, at last count, nearly 2 million customers who are regular buyers of Inmac products. This prime clientele responds about 12 times as frequently as untried potential customers on "cold lists," the company claims. In fact, though, the mailing list is divided into several tiers of customers, ranging from meeker respondents to those who are virtually certain to buy. At the highest rate of return, Inmac claims it can expect $45 in business for every $1 spent.

Inmac last year began using specially designed software that weeds out names of customers whose poor response rates are not considered worth the expense of sending them catalogs. Fine-tuning grows increasingly important with time; the company's goal is to bolster its roster of computer users by up to 25% annually.

On top of renting existing mailing lists and following up on leads from their salesforce, Inmac boosts its lists using magazine ads that urge readers to send away for free catalogs. Those magazine ads also help Eldred and company do what they like best: save money. After sampling mass media in several countries, company decision-makers dumped television and radio in favor of more cost-efficient direct-response ads in computer specialty magazines, such as *Datamation*, *PC World* and *MacWorld*.

These choices must stand up to intense scrutiny. With current annual ad expenditures under $1 million, Inmac does not hesitate to drop magazines

INMAC'S MARKET

Estimated Worldwide Installed Units (in millions)

	1982	1983	1984	1985	1986	1987*
Minicomputers	1.4	1.7	2.0	2.3	2.5	2.8
Microcomputers (non-home)	3.1	6.4	10.8	15.7	21.4	27.4
Total	4.5	8.1	12.8	18.0	23.9	30.2

*Projected

Source: International Data Corporation, Framingham, Mass.

whose ad response rates do not measure up to standards. As a general rule, Inmac tries to have its ads cost less than 15% of total sales generated by each ad. "We think our customer list is more valuable than anyone else's in the b-to-b category," says Edmund Schooler, executive vice president of worldwide direct response, sales and operations.

As for the company's corporate image, they feel that is a natural byproduct of what they do — when it's done well. Boasts Kenneth Eldred, "We really count on our catalog for the better part of our image." Splashed with color and irreverent humor, the catalog has won several design awards and is believed to be a key reason why solicited customers respond with enthusiasm. Experts say its ability to translate complex product data into pointed consumer benefits has helped Inmac tap into a broad cross-section of potential customers. Instead of getting bogged down in detailing the advantages of an accessory for printers, for instance, catalog copy asks the provoking question, "Does your printer sound like a machine gun?"

Those with questions can call a toll-free hotline for information on how to make their new computer accessories work the right way. "They don't have blinders on when it comes to people," says Hodgson. "They're a direct-marketing business run like a marketing-oriented business."

Produced in six different languages, the 200-page glossy catalog was recently slimmed down with lighter stock and narrower margins in preparation for a looming hike in the U.S. Postal Service's bulk-mail cost. To woo new customers, Inmac distributes a thinner "prospecting" catalog. A total of 24 million catalogs were mailed last year; that figure is expected to increase to 30 million in 1988.

With 60 employees working full-time at three separate research facilities to design new products — 90% of the products sold carry the Inmac label — Inmac hopes to continue as the most comprehensive computer aftermarket source in the business. The company also shoots for newly designed products comprising 20% of total annual sales.

Inmac's sales drive also has caught on fiercely abroad: Already European sales account for almost half of Inmac's worldwide business. And with competition considered less intense than in the United States, abroad operations are now growing at a rate of more than 50% a year, compared to 20% in the U.S. Gaining a large part of the credit is a weak dollar that drove down the cost of American goods.

Inmac, never one to miss an opportunity, this year moved to further strengthen its marriage with clients. A new Inmac service allows buyers to shop for parts via computer. The first customer to hook up was heavy-hitting client Eastman Kodak. What's more, some of the accessories that helped turn Kodak computers into electronic mailmen in 1988 were purchased — you guessed it — from Inmac. ■

SHOES
FLOWERS
PAINT
SWEETS
BOOKS

Kiwanis Magazine Can Increase Your Coverage Of Small Business

KIWANIS magazine delivers a unique, quality audience of top executives, small business, professional and community leaders.

- 36.8% are members of one or more companies' board of directors.
- 32.2% are *the top* executive (chairman, president, owner, proprietor, partner).
- Median company size 35.6 employees.
- 79.3% have purchasing influence/make purchasing decisions for their firms.
- 55.9% currently own a computer for home or business use. Another 12.2% plan to purchase one within the next 12 months.

(Source: Aaron Cohen Marketing Services — June, 1987 Subscriber Study "Readers In Business," complete copy available upon request.)

For additional information, call or write:
Advertising Department
Kiwanis International
3636 Woodview Trace
Indianapolis, IN 46268
Phone: 317/875-8755
Telex: TWX 810-341-3471

BARRELLING THROUGH

A-B proved its mettle in '87: Trouble didn't stop it from getting three of its beers into the top five.

by Anitra S. Brown

By all rights, 1987 should have been an awful year for Anheuser-Busch (A-B). In late 1986, allegations that several key executives were involved in a kickback incident began to surface. One result was that by March '87, heads began to roll: Anheuser-Busch fired or asked for resignations from the president, vice president of sales, vice president of wholesale operations and manager of national sales promotion.

The chain of events sent shock waves through the company, an extremely proud and image-conscious organization. August Busch III, the dynamic 50-year-old chairman and CEO who had authorized an internal investigation, sent a letter to employees on March 27, 1987, announcing its completion. "Now it is important that we put this matter behind us and look to the future," he told them. Soon after, he assumed the additional duties of president.

And unbelievably, in very short order, the company did manage to move beyond the scandal and get on with the business of being America's biggest and most successful brewer. A-B proved its extraordinary depth of management by executing 1987's plans without a hitch.

In a flat-to-slightly-down beer market, A-B managed to propel its leading brands toward significant sales increases. Its performance was so great that by the end of 1987, Anheuser brands accounted for three out of the top five beers sold. For instance, the company flagship and industry leader, Budweiser, which was already two and a half times the size of its closest competitor (Miller Lite), increased its massive lead by muscling ahead 3.1%, according to *Impact Databank*, an industry newsletter.

To put that showing in perspective, every other premium domestic beer — Miller High Life, Coors, Stroh's — lost volume, some substantially. "To keep Budweiser growing in the face of the flat market is an amazing development," says an admiring Jerry Steinman, publisher of *Beer Marketer's Insights*. "They're taking it out of the hides of the competition."

Other major accomplishments of 1987: Popular-priced Busch jumped 15.6% past troubled Miller High Life to become the country's third largest beer, and Bud Light, with the help of a charismatic English bull terrier named Spuds MacKenzie, moved past Coors Light on a 21.2% growth spurt to become the second largest-selling light beer.

With its barreling brands, a 40% share of the domestic beer market and 5.6% growth on its beer busi-

Budweiser
KING OF BEERS
Anheuser-Busch, Inc.
BUD LIGHT

A-B's patriarch just might smile knowing the Busch family's business talents continue in August Busch III.

ness in '87, A-B appears to be an unstoppable locomotive moving toward its proclaimed goal of 50% share of the U.S. beer market within the next decade. Says one frustrated competitor, "They're all-pervasive. Every time you turn on the tv, there's a good chance you'll see their ad. Every time you go to a sports event, you see their signage. Every time you go to a party and one beer is served, it's Budweiser. They're never going to have 100% of the market, but they can get some pretty high numbers off that base."

A lot of the company's recent success can be linked to the winning ways of its Budweiser brand family. Since the 1981 introduction of Budweiser Light (called Bud Light since 1984), there have been two family members. Together these two premium-priced beers comprise almost a third of the domestic beer market, making the Budweiser name synonymous with American beer.

A-B executives stress product quality, strong marketing and a powerful distribution system as the keys to its great success in the beer market. Jerry Steinman thinks they have one other secret weapon: August Busch III.

"I believe the main reason for A-B's success is that August Busch is the chairman," says Steinman. "He's an extremely able and motivated executive who has built the right organization with the right capitalization."

Veteran beer observers trace the company's current success back some ten years, when most of the articles being written about the industry were speculating as to whether Miller would be able to overtake A-B.

Philip Morris Inc. had purchased Miller Brewing in 1970, bringing the classic marketing techniques of packaged goods to the brewing industry. Rather than producing one basic product — beer — they segmented the market, introduced new products and packages for those segments and spent heavily to promote them. Their most important innovation was the introduction of Miller Lite, which opened a whole new territory for modern beer marketers.

Miller High Life surged forward on the appeal of the slogan, "If you've got the time, we've got the beer," and Miller management openly taunted A-B, which had led the brewing industry since 1957. Maybe that was their big mistake.

A crippling 13-week strike produced Budweiser out-of-stocks during the summer of 1976 and allowed Miller High Life to make further inroads at A-B's expense. Augie Busch III, who had become CEO the year before, declared war. "Tell Miller to come along, but tell them to bring lots of money," he told *Business Week* at the time.

A-B made an internal assessment of its strengths and weaknesses and went after Miller and the blue-collar beer-drinking audience. Late in 1978, A-B and its agency, D'Arcy Masius Benton & Bowles, launched a new slogan that is still going strong: "For all you do, this Bud's for you."

What happened next, says Roy Burry, an analyst with Kidder Peabody, was that "Miller had a great slogan, but it got stale. A-B did an equally good job of advertising but a better job at keeping it fresh."

The basic positioning of Budweiser as an all-American, quality beer that is a reward for work well done has not changed since that time, and clearly it is one of the reasons for the brand's phenomenal performance, believes Tom Sharbaugh, group marketing manager on Budweiser and Bud Light. "One of our keys to success is our ability to take an old brand name — Budweiser has been around for 120 years — and constantly refresh what that brand name stands for in the minds of the under-35 crowd."

Since Budweiser is the dominant brand in the flat premium-domestic-beer market, A-B's mission is to grow the brand at a rate faster than the market, essentially taking share from competitors.

Even more remarkably, they're taking share while charging a higher price. Excess production capacity has competitors resorting to price promotion (usually via bonus packs) on a somewhat regular basis. But Budweiser and Bud Light price promote in very limited targeting programs such as the May "Pick-a-Pair" promotion, now in its 26th year.

This is achieved by spending lots of money ($187 million for both brands in 1986) on excellent campaigns, then supporting them with promotional activities on the local level. "They'll sponsor anything — regattas, bowling teams, marathons, town festivals, rock-n-roll events," says Michael Bellas, president of Beverage Marketing Corporation. "They carry their national advertising down to the local marketplace."

While Budweiser and Bud Light are merchandising is similar on both brands. "We work very hard to link brands. "We work very hard to link together all the pieces of the marketing mix, as opposed to putting a commercial on tv and expecting great things to happen," Sharbaugh tells. For example, Spuds is visible on television, but the same message finds its way into outdoor, print merchandising activity (T-shirts, key chains, hats) and point-of-sale.

Wholesalers have costumes of Spuds that they can crawl into to make calls on taverns. Spuds has been iconized for the bar not only as a neon sign but also as a plastic mold that is lit from the inside (an idea taken from the popular white-goose model). For supermarket accounts, A-B has a six-foot-high cutout of Spuds for displays and free-poster offers. "Our advertising concepts don't operate in a vacuum," explains Sharbaugh. "We put them to work selling beer."

A-B also has the most powerful beer-distribution network in the country. If a bar, restaurant or store sells beer, they're certain to have Budweiser. The A-B wholesalers, and there are more than 900 of them, are a force in themselves — well-trained, well-financed and absolutely driven to sell Budweiser beer. "We're a breed of our own," states Troy LaGrone, president of the beer division of Ben E. Keith Company, based in the Dallas/Fort Worth area and one of A-B's biggest wholesalers. "Busch insists on excellence in personnel, delivery, warehousing and community involvement."

BUD LIGHT
Everything else is just a light.

Spuds lives the high life — he spent 25% of Bud Light's ad budget.

Spuds' Super Bowl jump was as spectacular as Bud Light's 1987 performance.

One key to the Budweiser brand's success is its ability to successfully target different market segments. "We've carefully crafted a national image for Budweiser that is an umbrella under which a lot of images can rest," says Sharbaugh. "A Hispanic in Southern California can watch our national advertising and find it relevant and appealing, but that basic image is enhanced by a locally delivered, tailored message."

Most of Budweiser's national spots are racially integrated, so that key segments of the population have someone with whom they can identify, and in special executions, a black or a Hispanic becomes the hero of the ad.

While there is a well-developed Spanish cable network in key Hispanic markets, the black audience is reached primarily through radio. The commercials are music oriented and can be adapted for each station's format utilizing a range of executional styles.

The current contemporary-adult campaign, "I'm a genuine Bud man," appears on programs such as *Late Night with David Letterman* and *Saturday Night Live*. Young men star in this series of rapid-fire images of cars, girls, music, volleyball — all the important things in life.

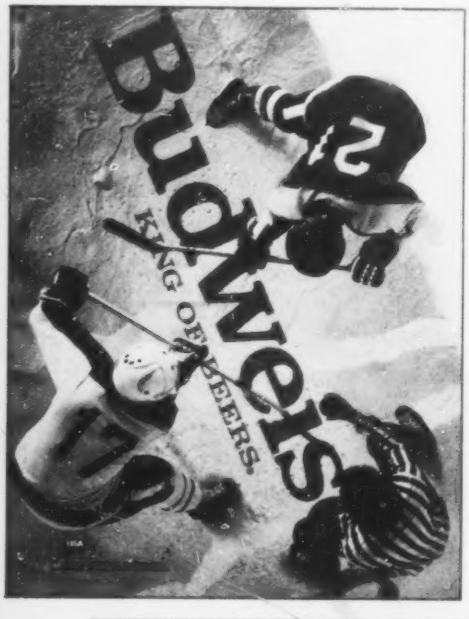
Approximately two thirds of A-B's money and energy is poured into sporting events, because there is an extremely high correlation between the core beer drinker (male, legal-34) and the sports fan. "Our sports-marketing people are constantly looking for a novel approach to what would otherwise be a normal buy," says Sharbaugh (see "Sales Promotion," pg. 138). Notable successes of '87 include the "Budweiser Yacht Cam," which was mounted on the winning *Stars & Stripes* boat during the America's Cup race in Australia, and the use of a border with the Budweiser name during

National Football League kickoffs while the announcer says, "This kickoff is brought to you by Budweiser, the king of beers."

But the achievement of which A-B is most proud is its ability to launch and grow Bud Light without cannibalizing the core brand Budweiser. A-B was slow getting started in this critical segment. In the mid-'70s, it bet on Natural Light, which never succeeded in attracting light-beer drinkers in sufficient numbers.

Going into the '80s, the light-beer segment was growing much faster than the total market. Reluctant to introduce a light beer with the Budweiser name but with no satisfactory entry, A-B had no choice but to relent in 1981. Budweiser Light was introduced with the "Bring out your best" campaign, which featured slow-motion shots of Clydesdales running free.

The brand achieved a certain volume and market share on roll-out but plateaued around four million barrels. Unsatisfied with those numbers, A-B went back to the drawing board in 1984 and addressed its critical problem. In bars, light-beer drinkers were asking for a light, and that got them Lite beer from Miller. So they shortened the name to Bud Light, changed the packaging and launched the humorous "Gimme a Light . . . Bud Light" campaign.



BUDWEISER BRAND FAMILY

Media Expenditures
January-September 1986-1987 (000)

	1987	1986	% +/-
Network tv	$59,661.9	$56,132.0	+6.3%
Spot tv	42,917.7	38,049.5	+12.8%
Cable tv networks	11,722.6	10,934.3	+7.2%
Spot radio*	14,414.0	16,333.0	−11.7%
Network radio	5,034.5	5,717.9	−12.0%
Magazines	4,176.1	3,001.1	+39.2%
Sunday magazines	109.4	327.0	−66.5%
Outdoor	4,319.4	2,799.1	+54.3%
Total	$142,355.6	$133,293.9	+6.8%

*Sources: Leading National Advertisers; *Radio Expenditure Reports. Media Records doesn't report quarterly newspaper expenditures.*

That was exactly what the brand needed, and sales began surging ahead. The "Gimme a Light" campaign by DDB Needham Worldwide is yet another example of how A-B excels at working with their agency to keep campaigns fresh. The latest execution shows a caveman returning to his companions with a precious bit of fire . . . and they let him know which "Light" they really meant.

Bud Light grew by 21.2% to eight million barrels last year, according to *Impact*, moving into the top five beers. While it is less than half the size of Miller Lite (at 19.7 million barrels), it is now the second largest light beer. The brand has been successful in attracting the younger legal drinker. Miller Lite's profile is slightly older.

A-B brands are visible in every sports franchise in the country.

The majority of Bud Light's ad budget ($65 million in 1986) goes into the "Gimme a Light" campaign. But another enormously appealing spokesperson came to the fore in 1987, eating up 25% of its spending.

Spuds, who began his career as the star of a one-shot poster, proved so popular that he was hired on as a senior party consultant for Bud Light. He has weathered several controversies, including whether he is a she. The most serious attack came late last year, when Senator Strom Thurmond (R-S.C.) held a Spuds toy up in Congress, contending that his party-animal image encourages under-age drinking.

A-B quickly and effectively countered with a Spuds holiday ad that said it's cool to "know when to say when." By the time Spuds made his spectacular 90-meter ski jump in the Super Bowl XXII Bud Light ad, much of the controversy seemed to have died down.

The fact is, Spuds MacKenzie has proved enormously popular with the public. He even made *People* magazine's best-dressed list with a four-thumbs-up rating for his classic yachting blazer and white flannels. "Definitely the best-dressed man you've shown me," commented Oleg Cassini.

How did Spuds respond? "Obviously, he was thrilled by the whole thing, but he was a little embarrassed, because he never wears any of Cassini's stuff," says Bill Stolberg, an account executive at PR firm Fleishman-Hillard, who works with Spuds.

During the Super Bowl, Stroh's star performer, Alex the dog, appeared in a spot doing imitations of Rin Tin Tin, Benji and . . . you-know-who. "Spuds is an executive, and it's A-B policy not to comment on competitors," says Stolberg. "But Spuds did get a chuckle out of it and said that imitation is the sincerest form of flattery."

Will Spuds meteoric rise to stardom make him a short-lived media phenomenon? "We don't know how long the vitality will remain," admits Sharbaugh, "but my judgment is that if we're careful, we can get some more mileage out of it."

A-B executives don't call Spuds a dog ("That's the d-word; he's a party animal," laughs Sharbaugh). But whatever he is, he's certainly evidence of the brilliant organization marketing his beer. In deciding whether to take the risky move of making a d-- their brand spokesman, the A-B team recognized that beer is a sociable product.

"The Bud family of brands has the need for a certain element of fun," explains Sharbaugh. "The juggling act of how many elements in the mix are serious and how many are fun is not a science. It's an art." At A-B, they're masters. ■

CHILLING OUT

It's a peculiar spot to be in. After making a concerted drive for the wine-cooler summit over the last two years, J.E. Seagram & Sons' coolers achieved explosive growth in 1987, catching and even surpassing archrival E. & J. Gallo Winery's Bartles & Jaymes brand (*M&MD* Top Marketing Success, 1986). Yet Edgar Bronfman, Jr., president of the House of Seagram, who by all accounts made the company's cooler push his pet project, may be wishing he'd just stayed out of the business.

As more marketing giants join the cooler fray, ad and promotional budgets in the $1.6 billion industry are skyrocketing and profit margins evaporating. What's worse, the most recent sales figures for 1987 shows consumption leveling off, which truly shocked many marketers.

And Seagram has troubles of its own. A whirlwind of bad publicity has descended on its Golden Wine Cooler pitchman, tv star and wiseguy Bruce Willis, who was personally chosen by Bronfman, Jr., and helped the brand achieve its success last year. The company is reportedly walking away from Willis, who has been publicly branded as *too much* of a party animal. "They had the success last year, but the big question is, can they keep it?" wonders Michael Bellas, president of Beverage Marketing Corp., a market-research firm. "They have a very tough year ahead of them."

Seagram waged an impressive fight in 1987, no doubt about it. According to *Impact*, an industry newsletter, the company's share of the wine-cooler market jumped from 13.5% of the market in 1986 (compared to Gallo's 24.7%) to 24% last year. Gallo slipped slightly, according to these figures, to a 23.4% share.

But did Seagram buy its top slot? In addition to Willis's two-year, reportedly $2-million-per-year contract, the company spent over $20 million on network-tv-heavy media buys between January and September 1987 alone, according to Leading National Advertisers (LNA). (Gallo's expenditures for the same period were nearly $30 million.)

In 1986, Willis's first year as spokesman, LNA reports the company spent nearly $30 million on media for the whole year. According to one analyst, "They virtually pulled all their ad budgets and pumped them into coolers."

A sixth flavor, Island Tropics, debuted this past winter.

Most industry watchers, however, say that hefty ad dollars are only part of Seagram's success story. They first introduced its wine coolers in 1984. By the end of '87, the company had five flavors including last year's hits, peach and wild berry. A sixth, Island Tropics, was added this winter.

By comparison, Bartles & Jaymes, launched in 1985, didn't come out with a second flavor until last year. A companion to its original white-wine cooler, its Premium Red has sold poorly so far, another boon to Seagram. To fight back, Gallo rolled out a berry flavor, will launch a peach flavor this spring and plans another new flavor by June.

Seagram also wins praise for securing excellent distribution for its coolers. Though Seagram's distribution network is structured somewhat differently from most-admired Gallo's, it, too, has tremendous clout in the marketplace. Where it didn't have distribution, the Willis ads helped force the issue. Also, with so many cooler flavors, as well as attractive packaging, it was easy for Seagram's to command as much shelf space as Bartles & Jaymes.

Then there's Willis's impact. Compared to Gallo's Frank Bartles and Ed Jaymes, the humorous hayseeds that America has become perhaps too familiar with, Willis was a refreshing jolt. The epitome of "upscale hep," he appeals to men and women, blacks and whites. Seagram's also used the ads, from Ogilvy & Mather, to target the important on-premises business.

It's hard to predict what Willis's loss could mean to sales. Most think the company will be hard-pressed to come up with a campaign as hot. The resignation of the creator of the Bartles & Jaymes campaign, Hal Riney, from that account in December evens the odds somewhat.

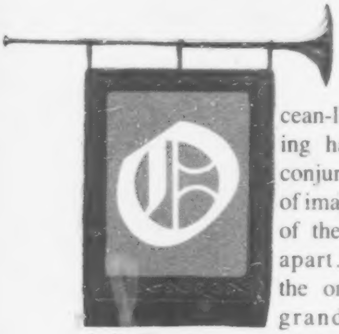
In any event, the now-unpredictable cooler market has become the arena for a battle of the titans: Gallo and Seagram. "Gallo will make a concerted effort to come back," predicts Bellas. "You'll have the two heavyweights battling it out in a market where no one's sure what's going to happen."

Carol Hall

AIN'T WE GOT FUN!

"Ain't we got funds" also could have been a Carnival slogan. The company celebrated its biggest sales year in 1987.

by Paula Schnorbus



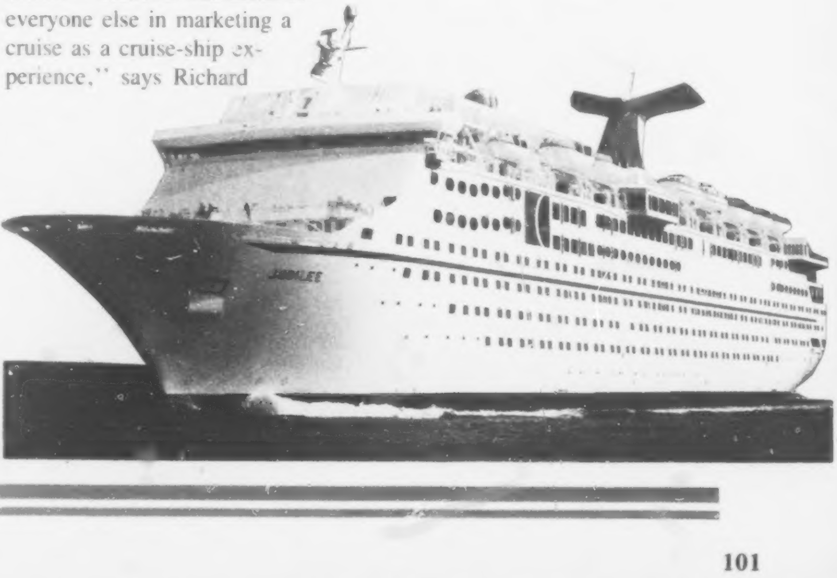
Ocean-liner cruising has always conjured up lots of images, many of them worlds apart. There's the one of the grand poohbahs parading around the deck, directing the cartage of their Louis Vuitton luggage with one hand and holding the leash of an equally haughty wolfhound with the other.

Then, of course, there's the other view. You know, the one where "you sleep in steerage with 37 to a cabin," cracks Karine L. Armstrong, vice president of marketing for Carnival Cruise Lines Inc. "There were a lot of preconceived notions." Indeed, one of Carnival's very real achievements is that it has been able to swab the deck clean of both those stereotypes and, as Armstrong says, "to put cruising into the hands of Middle America."

Carnival, with its unprecedented tv-advertising campaign and maybe some indirect help from the popularity of the tv series *Love Boat*, has made it clear that one doesn't need furs — be they mink or on a wolfhound — to have fun, which was and is exactly what Carnival has been marketing for more than 10 years.

While some in the $4.5 billion industry have been trying to lure in a new cruise crowd with novelty-type cruises — trips to nowhere, "Great Chefs" eating extravaganzas, country-music hoe-downs, etc. — Carnival has successfully set sail with a "Fun Ships" theme. The company enjoyed its biggest year ever in 1987, with net income of $152.8 million — 56% higher than a year earlier — for the fiscal year ended Nov. 30, on revenues of $564.1 million.

Its success is well-deserved. Carnival's role in shaking up and changing the staid cruising industry is nothing short of remarkable. Up until about 20 years ago, people took ships simply to get from shore A to shore B. But the advent of airline travel put an end to that. Cruising had to become more than a mode of transportation and evolve into an adventure to be savored for its own merits. "Carnival was ahead of everyone else in marketing a cruise as a cruise-ship experience," says Richard



Lido Deck
Promenade D
Empress Deck
Upper Deck
Main Deck
Riviera Deck
••—2 Uppers •—1 Upper †—Twins/King and Convertible Sofa
JB

The on-course crew (left to right): senior vp, sales and marketing, Bob Dickinson; president Micky Arison; vp, marketing, Karine Armstrong.

FRANK ZAGARINO/BLACK STAR

S. Kahn, president of RSK Travel Consultants.

While others also got the hang of that, the trouble was that they attracted a pretty narrow audience. Most of the cruise lines put the emphasis on luxury, sailed to faraway ports, took up to two weeks' time and cost plenty. Naturally, this kind of trip attracted an older crowd, often of retired folk, who had the time and money to pay for all the coddling.

Carnival was in the forefront of changing the industry's image. It saw that only about 5% of the U.S. population had ever been on a vacation sail and so set about making the trips shorter, less expensive and "more fun" in order to tap a wider audience. A Carnival cruise to the Caribbean lasts for a week and at base rate costs $995 to $1,995, including airfare.

Today, thanks to Carnival, more and more of the 34 North American members of the Cruise Lines International Association are defining themselves as "contemporary" sails rather than "traditionalists." Two of Carnival's main rivals, Norwegian Cruise Lines and Royal Caribbean Cruise Lines, offer similar packages. Norwegian's comparable seven-day sails run from $975 to $2,025, while Royal Caribbean's cost from $1,045 to $2,095.

A big difference is in the cruise ships' styles. Carnival doesn't compare itself to other cruise lines; it says it competes against land-based vacations, such as an excursion to Hawaii, and therefore what it sells (rather relentlessly) is fun. That means limbo contests and lots of gambling aboard ship, with Las Vegas-style revues to boot.

On the other hand, a Royal Caribbean cruise is better known for fine food as well as subdued entertainment, such as solo violinists. Norwegian's ships are smaller for more ambience, and its popular ship Norway (which is even pricier for a seven-day Caribbean jaunt) features star entertainment.

The other end of the scale, called traditional cruising, may be found in Cunard's Sea Goddess. Roaming the Caribbean for a week costs $4,600 without air fare, but all "rooms" are outside suites, and the smaller ship guarantees more personal attention. Geared to top executives, the Sea Goddess features financial- and stress-management lectures.

But the winner is still Carnival. Its folksiness has paid off in a big way. The cruise line has the greatest market share — almost 25% — based on its passenger capacity. And its seven ships, which have about 8,448 berths at 100% capacity, haven't had trouble getting filled for the past five years.

According to a November analysts' report from Alex. Brown & Sons Inc., Carnival's utilization never fell below 104% in the years 1982-86 (over 100% utilization assumes more than two passengers per cabin). Carnival boasts that it carried 552,774 passengers during the last fiscal year, an average occupancy level of 111.6%, up 26% from 1986's 438,399 passengers. As Harvey L. Katz, an analyst at Salomon Brothers Inc., puts it, "I think these guys run a very tight ship."

The Fun Ship is highly structured for a total vacation experience. The ports of call, which currently include the Bahamas, the Caribbean and the Mexican Riviera, are the gravy. Says Dan Nesbett, marketing consultant, "Potential cruise people are worried about being cooped up on a ship. Carnival shows it's really fun, and there's a lot to do." He adds that other cruise lines may have as many activities, "but they don't advertise them like Carnival does."

Actually, no one in the cruise business spends as much on advertising — $30 million annually — or gives almost half its budget to television, which is what Carnival does. Robert Dickinson, Carnival's senior vice president of marketing and sales, believes the key to his company's success is in sustained advertising. "It's like time-released aspirin," he finds.

Carnival's humble, even embarrassing, beginnings could hardly have foretold the success it is today. On its maiden voyage in 1972, the *Mardi Gras*, with 300 travel agents aboard, literally ran aground. The company remained beached until three years later, when Carnival chairman of the board Ted Arison, a founder of Norwegian Cruise Lines, bought out Carnival's parent AITS, Inc. Arison paid the Boston-based tour company one dollar and assumed Carnival's $5 million debt. A month later, the refurbished *Mardi Gras* showed a profit. And through 1975, it operated at more than 100% capacity.

The turnaround came about as Carnival revamped its marketing program to go full-speed after first-time and younger cruisers. And in 1984, the company began offering three- and four-day "Fun Ship" cruises for newcomers to get the sea experience.

With its target audience and theme in place, Carnival launched a unique media assault. By 1984, Carnival had broken ranks with its competitors and moved away from the print standard to a mixed-media strategy. The company signed up agency McFarland & Drier to handle its broadcast work, and soon Carnival was practically drowning the public with spots of perky, semi-celebrity Kathie Lee Gifford (formerly Johnson) belting out "Ain't We Got Fun" on a Carnival cruise.

Originally, the spots started out on morning and evening news programs, but they have since expanded to prime time. The placements also skew 50-50, says Geri Donnelly the agency's vice president and media director, to both men and women on shows that run the gamut from *Miami Vice* to *Golden Girls*. Last September, in an effort to break through tv clutter, seven new 15- and 30-second commercials were developed featuring a game Gifford singing Carnival's version of "If My Friends Could See Me Now."

Carnival Cruise Lines

Media Expenditures
January-September 1987 (000)

	1987	1986
Magazines	$ 60.8	$ 42.2
National Sun. mags.	14.2	–
Network tv	7,843.3	6,529.7
Spot tv	580.5	731.6
Outdoor	10.7	.3
Network cable	239.2	2.4
Total	$8,748.7	$7,306.2

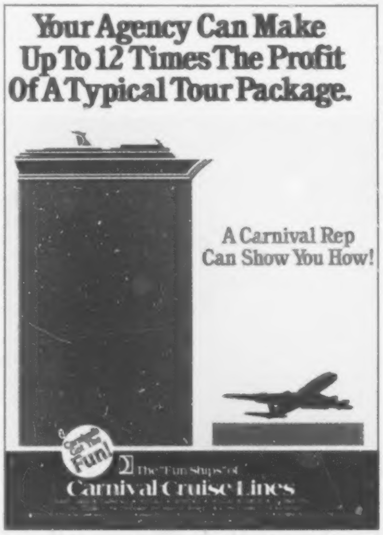
Source: Leading National Advertisers; quarterly newspaper figures weren't available from Media Records, but total 1986 expenditures were $8.8 million; no network radio or RER spot radio expenditures were reported.

Carnival's Armstrong says that the majority of the remaining media dollars goes for newspaper advertising, with over 200 papers getting the business. Magazine ads run in trade and consumer travel books and everything from *Corporate Meetings and Incentives* to *Woman's Day*. Men's books aren't used, although Armstrong says that, surprisingly, men now are booking cruises as much or more than women. HMK Advertising Inc., Boston, provider of print advertising, has been a Carnival agency from day one.

One thing that a consumer will never find in a Carnival ad is a direct-response pitch. If people are interested in taking a Carnival cruise, they are instructed to call their local travel agents, who sell 99% of Carnival cruises. "We've built up a reputation of being very supportive to the travel-agent community," states Armstrong. "We're probably the only travel entity selling a product that doesn't put 1-800 numbers on our consumer advertising, only in trade advertising so agents know where to contact us."

Armstrong also feels that, because Carnival identified theirs as the Fun Ships, it made the product easier to sell. It also makes its prices common rated for its cabin categories, meaning that pricing is equal across the board for the five ships that offer seven-day cruises and the two ships that have three- and four-day trips. For example, a veranda suite on the *Tropicale* going for a seven-day cruise to the Mexican Riviera costs the same — $1,995 base rate — as a veranda suite on the *Holiday* for a seven-day cruise to the Caribbean. To avoid confusion for the travel agent, sailing days never change.

Carnival also tries to appeal to a travel agent's busy schedule through a daily (9:00 a.m. to 8:00 p.m.) computerized reservation-and-ticketing system operated by about 170 in-house bookers. A travel agent should be able to book a cruise in about three minutes, Armstrong insists.

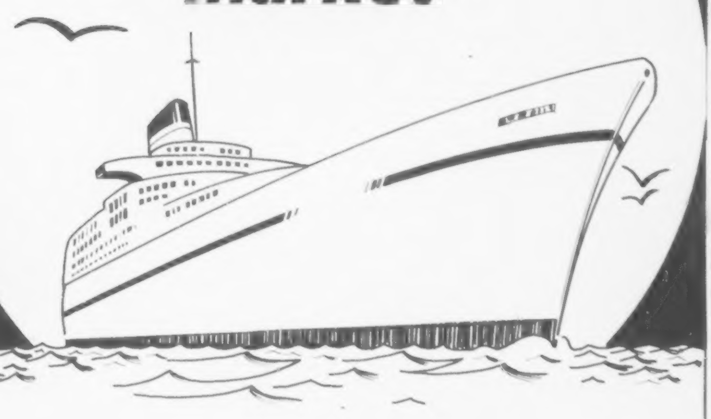

Your Agency Can Make Up To 12 Times The Profit Of A Typical Tour Package.
A Carnival Rep Can Show You How!
Fun!
The "Fun Ships" of
Carnival Cruise Lines

Travel agents are critical to the cruise industry.

Meanwhile, Dickinson goes around the country telling travel agents how to do their jobs. On average, he lectures groups of 100 to 1,000 agents, telling them things like they should be motivating their salespeople with incentives based on productivity. Another of his pet peeves is that most travel agencies aren't open on Sunday, when most of the industry's ads run.

Still, the company goes to great lengths to keep agencies thinking Carnival. There's an agency-of-the-year competition, complete with dinners, prizes and plaques; trade press ads stressing how profitable a Carnival cruise can be for the agency; and "thank you for the business" ads. Carnival also conducts a "Mystery Vacationer" promotion, where an employee poses as a prospective client at

CRUISE into the Columbus Market



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AD/SAT
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a travel agency. If a travel agent's first travel suggestion is a cruise, he or she is awarded $10. And if the agent first recommends a Carnival cruise, the cruise line hands over $1,000 on the spot. About $500,000 has been awarded since the program began in 1981.

All of this wining and dining on Carnival's part makes sense when one looks out to the horizon and sees three more Fun Ships approaching; so sure of itself is Carnival these days that it is wading out into more traditional cruising waters with the Tiffany Project. "We have such a humongous repeat factor," explains Armstrong, "that there are some people who have traveled on all of our ships. The natural evolution is to move up."

Furthermore, Dickinson boasts, "I'd like nothing better than to go in and show [the traditional cruise lines] just exactly how we think it should be done." Carnival's plan is to sell an upscale product at a mid-level price. For example, Dickinson wants to have 350-cabin ships, as opposed to the 1,400-plus-berth Fun Ships, all with outside suites with private verandas. How would those be marketed? "If we can offer that particular product at a middle-of-the-road price, we won't have to do much marketing," he believes.

Carnival seems to have the deep pockets necessary for this scale venture, because it raised $397 million in its initial public offering last July. Though the stock took a hit in the October market thud, the shares have been recovering. "There was a general feeling that the timing was right, but it turned out to be better than we imagined," says Micky Arison, company president, CEO and son of Ted. "We felt that if we were to maintain our market-dominant position, we would need the capital to be able to build at will the type and quantity of ships needed to keep that position." So far, at least, the coast looks remarkably clear for Carnival's marketing itinerary. ■

HOLLYWOOD'S TOP GUN

In film, tv and video, Paramount was the studio to beat in 1987.

by Joe Mandese

You couldn't have written a better script for a Hollywood success story. A few years ago, Paramount Pictures Corp. was facing a dismal situation. Its share of the U.S. theatrical market had dwindled from a 1984 high of 19.1% to a mere 1.5% by February 1986. Much of the successful management team that had led the company to its previous riches with films such as *Flashdance*, *An Officer and a Gentleman* and *Raiders of the Lost Ark* had defected to competing studios. And with the exception of one huge hit, *Beverly Hills Cop*, the studio had a stockpile of flops.

Enter Frank Mancuso, a 27-year Paramount veteran who became the division's chairman after its previous chief, Barry Diller, left to head 20th Century-Fox and its president, Michael Eisner, exited to take the top post at Walt Disney. A shrewd film marketing and distribution man, Mancuso quickly surrounded himself with talented film-production and marketing executives and began forging long-term relationships between the studio and hot film producers and stars.

Mancuso proved to be a deft marketer with an uncanny sense for the box office. Under his guidance, Paramount developed properties turned down by other studios and made blockbuster hits out of them. Indeed, the former Paramount executives had passed on a script about young naval air cadets. But Mancuso revived the project and developed *Top Gun* at a cost of $17.5 million. The film went on to become the blockbuster hit of 1986, grossing $270 million and subsequently, through shrewd and innovative marketing by Paramount, turned into the hottest-selling video of 1987 and all time, generating nearly $50 million in home-video revenues.

Similarly, most of the big Hollywood studios had passed on the distribution rights to an eclectic import about an Australian crocodile hunter who visits New York City. But the Paramount team was quick to recognize that, with a little editing, the film could be made more palatable for American audiences. Paramount bought the rights to *"Crocodile" Dundee* for $4 million and backed it with a big marketing campaign. It opened in 871 theaters and became 1986's second-highest grossing film and the third

ERLY HILLS
Paramount
A Gulf+Western Company

Paramount
A
Gulf+Western
Company

JIM CACCAVO

Paramount's Ganis. Early use of trailers, aggressive publicity and the exploitation of film "brands" helped Paramount stay king of the box-office mountain for two years straight.

hottest-selling video of all time. As a result, Paramount finished 1986 as Hollywood's No. 1 film studio, earning $336.3 million in net revenues and a 22% share of box office grosses.

Paramount's 1986 marketing acumen could easily have been written off as a fluke if not for the sequel of 1987. In a place as fickle as Hollywood, Paramount proved it had legs, earning $558.3 million in box-office revenues and becoming the first studio in 15 years to finish No. 1 for two straight years. With three of the top movies of the year, *Beverly Hills Cop II* ($153.6 million), *Fatal Attraction* ($136.1 million) and *The Untouchables* ($76.2 million), and a 20% share of the U.S. market, one out of five U.S. moviegoers saw a Paramount film in 1987.

While this alone would justify Paramount's entry as a 1987 marketing-success story, its victories weren't merely relegated to its motion-picture operations. With 1987 home-video hits such as *Top Gun* and *"Crocodile" Dundee*; first-run syndication smashes such as *Star Trek: The Next Generation*; and with the off-network syndication sales of *Family Ties* and *Cheers*, revenues for Paramount's television and home-video operations jumped 76% to more than $1 billion in 1987.

Though Paramount owes much of its success to the fickle entertainment tastes of American consumers, the company's performance was no case of caprice. In fact, one could say it guided the tastes of American consumers by exploiting established franchises such as *Star Trek* and its Eddie Murphy films. "They're looking to create brand names with products that have a long shelf-life," notes Christopher Dixon, an analyst who follows Paramount parent Gulf + Western Inc. for Kidder, Peabody & Co. "They've got *Beverly Hills Cop* and the other Eddie Murphy films; the *Star Trek* film series and now the tv show; *"Crocodile" Dundee*'s coming sequel; *Raiders of the Lost Ark*; and the *Friday the 13th* series," he ticks off. "They are one of the few motion-picture companies to recognize that the big play in the industry is going to be marketing," Dixon explains.

With the possible exception of Disney, Paramount is probably the best studio at incorporating brand equity into the marketing of films. For instance, when they launched the ad campaign for *Beverly Hills Cop II*, they really didn't need to say much more than the fact that it was coming soon. As a result, Vito Mandato, senior vice president of Paramount's then agency AC&R/DHB & Bess Advertising (the account has been reassigned to DMB&B), notes that Paramount was able to stretch the media budget for the film by relying heavily on :15s. "In the case of an Eddie Murphy film, all we have to do is let people know that Eddie Murphy has a new film," he explains. "So we were able to use :15s quite effectively."

Although the film was backed by a $3.2 million tv buy (the most recent available figures from Leading National Advertisers), Paramount says it owes much of the film's success to the early, intensive exposure the promotional trailers received. Indeed, *Beverly Hills Cop II* began production in December 1986 and by Christmas, Paramount had a teaser trailer on movie-theater screens promoting the film, which wasn't set to open until Memorial Day. After five months of trailer promos and a concentrated pre-opening media blitz, the film opened in 2,326 theaters to a four-day Memorial Day weekend gross of $33 million.

Although network and spot tv remain the main weapon in the studio's media arsenal, Paramount executives can't emphasize the importance of trailers enough. In Hollywood, trailers are factored as part of the media mix in the same way the tv networks factor their on-air promos. And like the networks, the studios have found that the advantage goes to the studio with the highest viewership. So, Paramount's hits gave its new films the kind of exposure that NBC's hit series give to its new shows.

For instance, Paramount effectively used the box-office success of *The Untouchables*, which was released in June 1987, to promote its sleeper hit *Fatal*

Attraction, which was set to open in September.

"When we did our research, we found a surprising number of people who said they were attracted to [*Fatal Attraction*] by the trailer," says Sidney Ganis, president of worldwide marketing for the Motion Picture Group, adding that the trailers ranked an unusually "close second" to the tv commercials.

And just as Paramount extends the brand equity of one film to help market another, the company has recently begun exploiting those assets to cross-market from one entertainment sector to another. The most blatant example is *Star Trek*. "From the start, we said this is an extremely valuable corporate asset; it's one of our family jewels," explains Mel Harris, president of the Television Group. "We decided to bring it back to tv and give it the best possible chance we could."

Paramount's new first-run syndicated series, *Star Trek: The Next Generation*, had several things going for it. For one, it carried the brand equity of the original series plus four successful film spin-offs. But Paramount hedged its bets by producing it through its network-tv division. It was marketed and distributed through the syndication division, and the home-video division was used to generate publicity by releasing promotional spots for the series on its hot *Star Trek IV* videocassette release.

Paramount's motion-picture division used its marketing-and-merchandising department to manufacture and license products based on the series. And sister company Simon & Schuster produced books about the series.

"We made all of those things come together during the two-to-three-week period just prior to the launch of the series," says Harris, adding that the two-hour premiere episode earned a 17 national Nielsen rating (a 24.5 according to AGB) and the series' average ratings have consistently ranked about a 10. And the show has been delivering high levels of elusive male viewers. According to the November sweeps, *The Next Generation* was the third highest rated show in all of television for men 18-49, following *Moonlighting* and *LA Law*.

Paramount's video division also proved to be a firm believer in cross-promotion during 1987. Besides carrying promo spots for *The Next Generation* on its *Star Trek IV* release, the home-video division bought ad time on the series to promote the cassette. "We had the ideal crossover audience for both," says Robert Klingensmith, president of the division.

Paramount Pictures

***Media Expenditures**
January-September 1987 (000)

	1987
Spot television	$19,238.5
Network television	6,920.8
Cable tv networks	1,414.8
Spot radio*	193.3
Magazines	154.3
Outdoor	21.4
Total	**$27,943.1**

*Sources: Leading National Advertisers; *Radio Expenditure Reports. Media Records doesn't report quarterly newspaper expenditures. *Does not include trade advertising and promotion; figures do not reflect the fourth-quarter, a heavy period for motion picture advertising.*

But the video division was even more innovative in using cross-promotional tie-ins to extend the $40-$50 million it spent on advertising in 1987. "We started the year with the outlandish and different," says Klingensmith, referring to Paramount's landmark deal with Pepsi-Cola. In exchange for a Diet Pepsi promotional spot placed on the *Top Gun* video release, Pepsi augmented *Top Gun*'s media spending with an additional 1,000 gross rating points. "It was 25 seconds of Diet Pepsi and a five-second tag for us, but because the Pepsi spot looked so much like *Top Gun*, it was like a [30-second] commercial for *Top Gun*," says Klingensmith, adding, "I suppose if we went out and bought the same value in media, it would cost about $6-$8 million."

Paramount backed *Top Gun* with an additional $1 million worth of tv advertising, plus $1 million in co-op, trade and point-of-purchase, making it the most heavily promoted title video ever. And with its low $26.95 retail price, the company exceeded sales goals with 3 million units.

While Paramount was blessed with excellent film, tv and video product in 1987, it was the aggressive marketing and innovative use of media that made them stand out. And though the company proved willing to take risks on new strategies, it also showed its strength in a traditional Hollywood marketing discipline: publicity

More than any other studio in 1987, Paramount's publicity department — known to insiders as "The Machine" — managed to mobilize the media. *Newsweek* devoted covers to *Star Trek* and *The Untouchables*. Both *Time* and *People* featured *Fatal Attraction*. The list of electronic- and print-media coverage of these films is seemingly endless.

Perhaps the best example of Paramount's publicity clout was its launch of *Fatal Attraction*, a film that did not benefit from any corporate-brand equities. Paramount executives never dreamed it would strike the public nerve the way it did. Once it did, they took full advantage.

"We had excellent timing in terms of social themes, but we didn't present that issue going in," explains Paramount's Sidney Ganis. "We simply positioned it as a thriller that would attract women and particularly older women." In fact, Ganis says Paramount's publicity purposely steered away from the film's obvious social significance, because they assumed it was implicit and hyping it would only take away its impact. Paramount made sure, though, that the stars on the film hit the talk-show hustings.

"The key to developing a successful motion picture is clearly word-of-mouth. And Paramount is a master of that," declares Kidder, Peabody's Christopher Dixon. To tap an old show-biz term, they were boffo. ■

POINT/COUNTERPOINT/

CLUTTER CLATTER

A TRIPLE TRAUMA

Beginning in the '50s and extending through the '70s, network television offered marketers an efficient and effective means of delivering large television audiences on which to build and maintain strong brand franchises. This is no longer necessarily the case.

Three critical developments have converged to reduce the cost-effectiveness of network television as an advertising vehicle — declining audience levels, increased commercialization (clutter) and inflation.

Since their peak in 1976/77, network-television ratings for prime time have declined an average of 20% and, since 1970/71, almost 30% for daytime. Single-digit ratings are no longer unusual in prime time, particularly on Friday and Saturday nights and during the summer months. Continued expansion of viewing choices, a deterioration in program quality and changes in lifestyles are the principal contributors to these declines.

Commercial efficacy is threatened by dramatic increases in clutter, as well as by the greater opportunity (viewing options) and means (remote controls) for viewers to channel-switch during commercial breaks. The growth of commercial time together with advertisers' propensity to use shorter commercials has increased dramatically the number of commercials to which the typical television viewer is exposed. And even though accurate information on channel-switching is unavailable because of the limitations of existing research services, we believe that viewer tune-out during commercials actually has increased, particularly among cable households with remote-control devices.

During the past five years, network prices have risen sharply — by as much as 50% in prime time (before the effects of people meters), according to industry sources. Such increases have caused it to become cost-prohibitive for most advertisers to purchase program sponsorships or run consistent schedules at meaningful or effective weight levels.

Despite its decline in effectiveness, I believe it is possible to restore much of the networks' lost luster and to make them a more productive advertising investment for marketers.

First, the quality of network programing must improve to attract broader, better-educated, more affluent audiences. Seeking out and experimenting with new programing sources, identifying and encouraging the development of effective, practical training programs at the college level, using the summer to test new programing concepts and conducting better research in testing pilots — all can contribute to achieving a higher level of quality and diversity in network programing.

Second, the level of clutter or non-program material must be reduced. This may require reformatting the commercial breaks — keeping them to no more than four messages in a pod, limiting credits and reducing the number of promos.

Third, the rate of inflation must be reduced. The three networks' effort to reduce their overheads is certainly positive. However, considerably more must be done to reduce the cost of network advertising. Opportunities include the use of non-traditional sources for programing, developing new talent, reviewing existing pricing strategies, eliminating superfluous merchandising and promotional materials and dropping commercial-integration charges.

Finally, we must all work toward building a closer, more compatible working relationship between the networks and advertisers/agencies, eliminating the "us/them" mentality. In such a partnership, we could undertake and utilize more effective research involving network television, including single-source and people-meter research, to identify areas of opportunity. It would result in a better understanding and lead to realizing the full potential of network.

Robert H. Bolte is the director of media services at The Clorox Company.

OUR READERS TELL US . . .

Clutter on tv continues to trouble our media-department readers, though it's apparently defined differently among these professionals. They are not redirecting dollars by the droves — yet — but many are willing to pay more to be amidst less. The ideal? Six to eight ad minutes per network hour. (Base = 142)

1. Do you think television-commercial clutter has become less of a problem?

Yes	7.7%
No	90.9%
No answer	1.4%

2. Have you ever reduced your tv-advertising commitment because of clutter?

Yes	17.6%
No	81.7%
No answer	0.7%

3. Will you pay a premium to have your tv spots in a less cluttered environment?

THOUGHTFUL THERAPY

Network television is a medium unlike any other. It is uniquely able to communicate thoughts and ideas to the widest and most diversified audience. With its amazing potential to provide immediate access to the entire nation, it continues to be the most dynamic and effective advertising medium ever developed.

Television advertising is the primary source of information about the American marketplace. When asked where they learn about new products and services, more Americans identify tv commercials than any other source.

The extensive reach of network television is apparent from the fact that each of the three television networks, through their owned stations and affiliate partners, reach 99% of all U.S. households. The cumulative audience generated by NBC-TV represents the single largest audience available to advertisers today. Yet television hasn't just provided advertisers with an opportunity to speak to mass audiences; advertisers have also found that they can use network television to reach very specific viewer targets.

NBC recognizes that television advertising, the consumer marketplace and the television industry are constantly changing and evolving. We understand that the continued success of our business and the businesses of our advertisers depend on our taking an approach to network service that is as dynamic as the medium itself. We have committed ourselves to recognizing changing realities and exploring new approaches. In the long run, this is the best policy for the entire industry.

We are constantly seeking ways to improve the value of NBC for advertisers by providing the kinds of programs, the kinds of audiences and the kinds of extended reach that advertisers need. We are actively reviewing our on-air formats to create the best possible environment for advertising messages. Recently, NBC took a bold step in daytime by eliminating the broadcast of 180 ''pitchman-style'' prize blurbs each week from our gameshow programs, providing a much less ''cluttered'' look for viewers and a better environment for advertisers.

While it is true that there are more commercial units on the networks today, the total number of commercial minutes per hour has remained relatively static over the last several years. The reason for more commercial units is linked to the use of 15-second commercials. More and more advertisers want to get on network television, and this has created pressures for more :15 availabilities. This is obviously a concern, and we must all continue to think of ways to accommodate the increased interest in :15s while protecting the effectiveness and attractiveness of the medium.

What is the bottom line? As an industry, we are moving forward and seeking to further enhance our effectiveness. Advertisers are moving with us. They have committed over $10 billion to network television this year, an all-time high demand for network inventories. We continue to deal with new trends, such as :15s, and to make the best choices we can on commercial formats. We continue to review our operating policies, with the goal of maximizing program entertainment content for our vast audiences. Network television remains the advertising medium of the day and promises an even brighter tomorrow.

Pier Mapes is the president of the NBC Television Network.

Yes	64.8%
No	33.1%
No answer	2.1%

4. What is the percentage of your usage of the following commercial lengths?

	Avg.	% Using Any
10 seconds	5.4%	43.0%
15 seconds	10.0	54.2
30 seconds	79.2	97.9
45 seconds	0.2	2.8
60 seconds	4.9	41.5
120 seconds	0.2	0.7
Other	0.1	1.4
Total	100%	

5. What do you feel is the ideal number of advertising minutes per each network hour?

Five minutes or less	9.9%
Six minutes	25.4%
Seven minutes	7.0%
Eight minutes	35.2%
Nine minutes	4.9%
Ten minutes	11.3%
More than ten minutes	1.4%
No answer	4.9%

6. An all-advertising cable network currently is being launched. Do you think such a concept will be an effective media buy?

Yes	10.6%
No	80.2%
No Answer	9.2%

7. Do you think the number of single sponsorships may rise as advertisers look for better showcases for their ads?

Yes	66.2%
No	33.1%
No answer	0.7%

ECONOMIC EYE

CABLE TABLES

The CAB (212/751-7770) has released *Cable Facts 1988* for your information pleasure. Among the tidbits: Based on Paul Kagan research, in 1987, Americans spent over two and a half times as much on cable ($11.4 billion) as on movie attendance ($4.2 billion) or on videocassette rentals ($4.4 billion).

MAGAZINE AD SCORECARD	Ad Pages Jan. 1988	% change from Jan. 1987	Dollars spent (000)	% change from Jan. 1987
1. Skin Care, Creams, Lotions and Oils	197.87	+10.9%	$ 7,435.1	+17.3%
2. Lip and Eye Beauty Products	37.08	+11.2	1,393.9	+32.3
3. Scents and Fragrances	19.17	−38.8	344.2	−68.4
4. Facial Makeup Products	36.22	−31.2	1,482.3	−26.8
5. Prepared Dinners and Entrees (including Pizza)	34.74	−18.3	2,088.4	−11.8
6. Liquor	168.33	+13.8	7,778.2	+43.5
7. Cigarettes	423.30	−1.7	21,051.5	−4.7
8. Soaps and Detergents	35.16	+41.1	2,121.1	+27.0
9. Passenger Cars, Domestic	377.02	+29.5	22,723.7	+72.5
10. Passenger Cars, Imported	515.52	+50.0	23,858.4	+44.0

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100

1987

	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change
Network TV																
Daytime	92	−6	92	−6	95	−1	98	−5	85	−11	83	−11	97	−6	91	−8
Nighttime	99	+8	110	+6	112	+3	109	+2	113	+5	106	−0	110	+6	115	+8
Spot TV																
Prime time	134	+16	136	+14	130	+9	138	+10	126	+4	124	+18	–	–	–	–
Daytime	116	+11	118	+8	104	−1	108	−4	117	+7	102	+3	–	–	–	–
Network radio	116	+4	116	+2	114	−1	102	−0	104	−1	106	+2	122	+6	112	+6
Spot radio	←		98	+3		→	←		103	+1		→	–	–	–	–
Consumer magazines	109	+3	109	+3	109	+3	109	+3	109	+3	109	+3	109	+3	111	+4
Natl. Sunday mags	103	+11	103	+11	103	+7	103	+7	113	+7	118	+14	106	+12	112	+12
Business publications	111	+5	111	+5	111	+5	111	+5	111	+5	111	+4	112	+5	113	+5
Newspapers	116	+8	116	+8	116	+7	115	+7	115	+7	115	+7	115	+6	115	+6
Outdoor	114	+6	114	+6	114	+6	114	+6	114	+6	114	+6	118	+12	118	+12

Notes: Percentage shown is relative change from the same month/period the year before.

1985 = 100

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

4/18/88 C2950-3

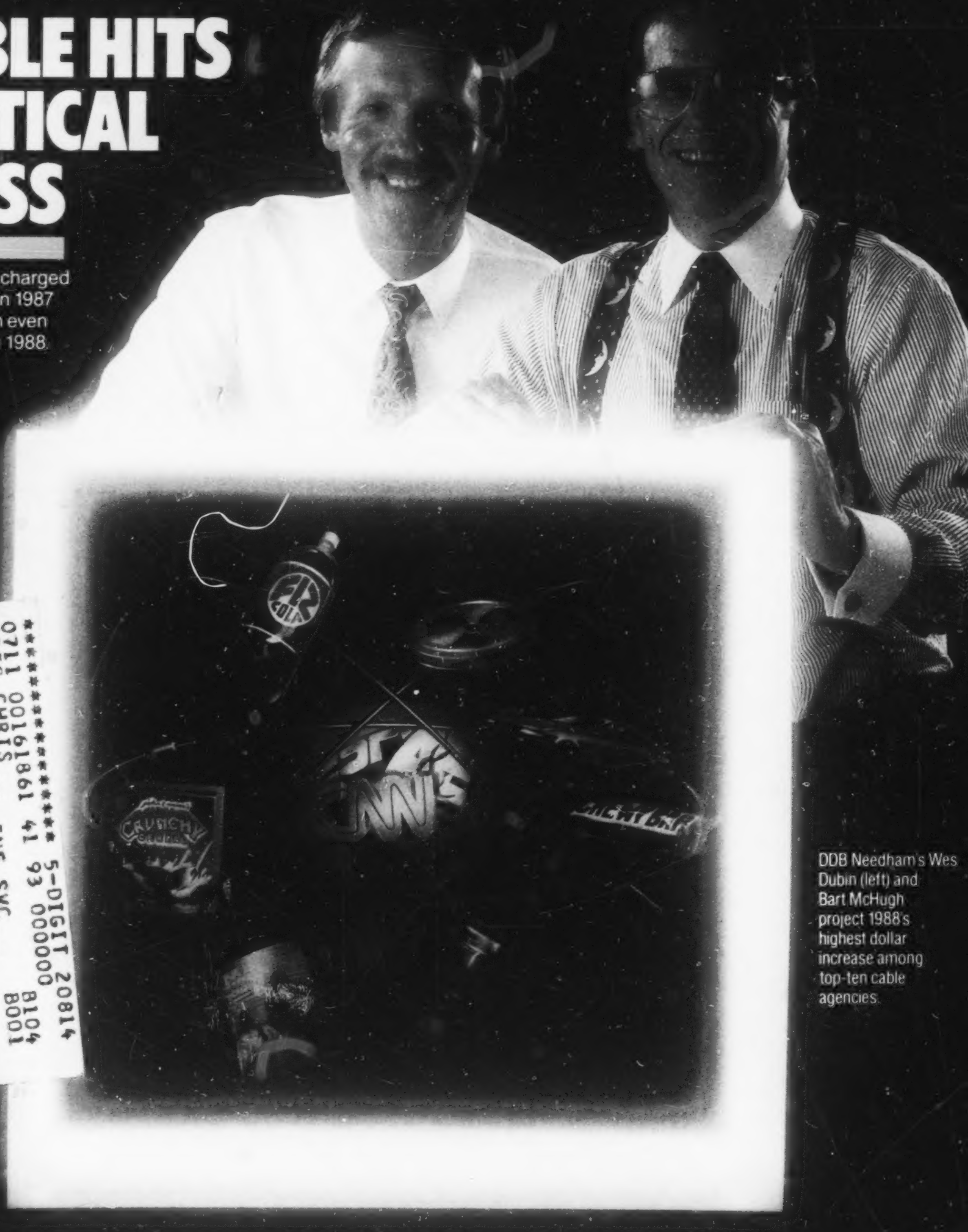
MARKETING & MEDIA

DECISIONS

APRIL 1988 • $4.00

CABLE HITS CRITICAL MASS

Cable's highly charged performance in 1987 may lead to an even bigger bang in 1988.



DDB Needham's Wes Dubin (left) and Bart McHugh project 1988's highest dollar increase among top-ten cable agencies.

****************** 5-DIGIT 20814
0711 00161861 41 93 000000 B104
GREG CHRIS B001
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814

MARKETING & MEDIA DECISIONS

COVER STORY

SPECIAL REPORT: CABLE HITS CRITICAL MASS 62

Penetration of over 50% of U.S. tv households and ad revenues of over $1 billion have earned cable the respect of national advertisers. But then, it appears they were there all along. Cable's new energy is analyzed as it continues to push the medium into even higher awareness.

THE WINNING CIRCLE 71

Cable's evolving sophistication in programing is leading to higher ratings, which in turn bring in more ad dollars, which then fund better programing. So rolls cable's success story. Also, Gillette and RJR Nabisco discuss their cable buys, and the cable networks are brought up to date.

CABLE'S TOP AGENCIES 85

Our annual ranking of advertising agencies by 1987 cable billings holds good news for the cable medium: bullish projections for spending in 1988. In addition, our readers are polled on their cable thinking.

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MEDIA RESEARCH COMES INTO ITS OWN 40

Finally, after years behind the scenes, media researchers are coming to the forefront at the agencies. No wonder: *Someone* has to explain what's been going on the past few years.

RAISING THE ROOF 46

The shelter magazines are busy building new identities as home becomes a way of life for aging baby boomers. They're also happily adding to their ad base.

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THE SKIVVIE SCUFFLE 55

Fruit of the Loom and Hanes are having a tug-of-war with men's underwear, each trying to pull a bit of the other's market share over to their side.

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An aging population and new-product breakthoughs are putting a big smile on the face of the oral-hygiene industry. (Brand Report Index, pg. 126.)

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Bobbi Blair moves into the castle at Disney, Rochelle Udell becomes Alexander Liberman's heir apparent at Condé Nast and Ken Caffrey takes wing as Ogilvy & Mather's global thinker.

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Another Sussman fan, a clarification on tv-viewing levels and liberal arts vs. advertising as a course of study.

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Playboy's Plan-Ease PC program gets things hopping . . . Cutty's creative cost cutting . . . National Car Rental lands on a newspaper island . . . *Working Mother*'s poster project.

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Richard Shriner of Kobrand was looking for a little extra at *Decisions'* most recent breakfast meeting.

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Two unorthodox uses of cable tv are attracting new attention: classifed advertising and radio-like music formats.

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Direct marketing sets a hospital's phones ringing, Sears adds outside ads to its catalog and the DMA looks to lure in more business users.

CREATIVE CONCEPTS 34

As inventive as Absolut vodka's advertising executions is the strategic media placement that insures that they are seen.

April 1988, Vol. 23, No. 4

Country Home
METROPOLITAN HOME
HOUSE BEAUTI

46

We fit America
T OF THE LOOM

55

Cover photograph by Maria Ferrari; illustration by Hom & Hom

DEBUT 36

Northeast International Business is the first of six regional magazines taking a global view, and *McCall's* helps plan a party with *America Entertains*.

SALES PROMOTION 130

The best in sales promotion was recognized once more this year with the Reggie Award. The envelopes, please!

BROADCAST BEAT 137

People meters make a mess of the kids' upfront . . . Airlines and others may be grounded by new guidelines . . . Talking to pay-tv homes . . . AGB's next target: the VCR.

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Valentine-Radford takes the attitudinal approach to evaluating consumer buying habits via its CUBE model.

ON THE DOCKET 144

The FCC is considering an about-face on its position regarding syndication exclusivity of programing. On opposite sides of the issue stand the independent tv stations and cable.

ECONOMIC EYE 148

The latest indicators of spending in magazines by some major ad categories, the Media Cost Index and autos zoomed for tv in 1987.

LAST WORD 152

Donald L. Kanter warns advertisers to take America's new cynicism into account when creating ads.

AS THEY SEE IT

MEDIOLOGY *Ed Papazian* 95

Kids don't need another hero to watch on tv. Time to try new directions.

MAGAZINES *Debbie Solomon* 96

Some tips for sellers to help get their message across.

TELEVISION *Stephen Lonning* 98

Forget the clutter and the networks' limitations; :15s are here to stay as an effective ad unit.

RADIO *Don Cole* 100

Radio personalities may not all have the pitch power to back up your buy.

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With the innovation of talking chips, y-p advertisers look to the future.

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With planning, part-timing can work out for all.

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HOME'S

Shelter-book publishers hope social trends and new formats will lead a wide array of new advertisers into their editions.

by Amy Alson

Shelter magazines are about decorating and renovating, entertaining in and even paying for a home. Lately, the magazines have borrowed a page from their own edit wells. They have been remodeled and redecorated to hopefully entertain a big new crowd of readers. Publishers, meanwhile, are busy looking for new ways to pay for it all.

That means new advertisers from new categories, and the sellers have good reason to hope. America's latest trendy lifestyle is centered around the hearth. Call it nesting, cocooning or the couch-potato craze, it is once again respectable to eat in, relax in front of the VCR and visit a friend at home. The first-time B.M.W. buyers of 1985 are purchasing baby strollers and bigger homes. Suburbia is popular again, and home is the "in" place to be.

As a result, the line between home and lifestyle publications is blurring. Many non-home magazines are increasing home-related editorial to cover topics such as decorating and gardening. Fashion-conscious *Vogue*, toney *Town & Country* and regional lifestyle books such as *New York* and *Chicago* magazines are devoting more space and special issues to home design and home-centered activities.

While the home-centered lifestyle has set new competitors chasing after limited home-furnishing ad dollars, it also has opened doors for the shelter books. Increasingly, the home books are able to snare lifestyle-oriented advertisers that would never have thought of using a "shelter" book. Car advertisers, cosmetic and fashion sellers are all jockeying for the coveted upfront positions in home-oriented books. In fact, B.M.W. of North America Inc. competes handily with home-furnishings advertisers for franchised second covers in shelter magazines: Twenty-five percent of its positions in all magazines are in that spot. Mike Lotito, vice president and associate media director of Ammirati & Puris Inc., B.M.W.'s ad agency, says shelter publishers like having B.M.W. upfront — "It looks great and opens up the floodgates for more car advertisers."

B.M.W. was among the first atypical advertisers in shelter magazines when it bought pages in *Architectural Digest* in late 1986, Lotito says. When he advised his client to use *Architectural Digest*, Lotito says he viewed it as an upscale lifestyle magazine that happens to be home-oriented. B.M.W. now also advertises in *HG* and *Metropolitan Home*.

Naturally, B.M.W. is looking for

PAGE BY PAGE
January - December 1987

Publication	1987 Pages	1986 Pages	% Change
Architectural Digest	1589.41	1557.55	2.0
Better Homes & Gardens	143[illegible]8	1347.36	6.5
Colonial Homes (B)	383.85	392.65	−2.2
Country Home (B)	35[illegible].39	296.50	18.5
Country Living	1066.31	884.58	20.5
Home	621.80	592.49	4.9
House & Garden (HG)	1157.59	1156.52	0.1
House Beautiful	867.76	856.62	1.3
Metropolitan Home	806.65	683.11	18.1
1001 Home Ideas	609.33	543.67	12.1

Source: Publishers Information Bureau. (B) = bimonthly.
House & Garden *became* HG *with the March issue.*

MODEL BY LIZ DEUTSCH

NEW WINGS

the upscale books, and those titles are the leaders in that sophisticated segment. But a variety of other popular books cover a skein of bases. *Better Homes and Gardens* leads the industry in terms of ad revenues and pages, because it bridges the home and women's-service categories and reaches an audience four times the size of its closest competitor. On the other hand, books such as *House Beautiful* and *1,001 Home Ideas* have carved out a niche in providing practical, affordable, home-service edit for the masses. One vein that has produced gold for many publishers is the public's fancy for all things country. Most prominent of these are Hearst Corp.'s pioneering *Country Living* and Meredith Corp.'s bimonthly *Country Home*. Hearst also offers the bimonthly *Colonial Homes*. And for those who are into construction or remodeling, there's Knapp's *Home* magazine.

Even with just the 10 magazines mentioned above, the field is full. Yet SRDS lists 118 other titles in the home and home-service category. Among these are more focused regional magazines as well as highly specialized titles with limited frequency, such as *Better Homes and Gardens*'s semi-annual *Kitchen and Bath Ideas*.

Despite so many shelter-type books, "there are limited dollars in home-furnishings advertising," says John Osborn, vice president, associate media director at BBDO, the agency for Armstrong World Industries Inc. Steve Levinson, publisher of *1,001 Home Ideas*, says about eight to 10 manufacturers represent the entire home-furnishings ad category, for example.

BAR/LNA reports that marketers of furniture, floor-coverings, windows and doors, lighting fixtures and household appliances together spent $70.9 million in PIB magazines last year, up

TIFUL
Country Home
TECTURAL DIGEST
Living
METROPOLITAN HOME
HOUSE BEAUTI
HOME
Better Home
Garden Planning
LANDSC FOR CURB AP

from $56.8 million in 1986. Magazines garnered 29% of the group's total ad spending in 1986; totals for all media in 1987 were not available at press time.

This is why shelter publishers are widening their targets to bring in some new ad support. But the editorial changes these books have made to accommodate the broader market apparently have confused some advertisers.

This came into focus with the latest, most dramatic revamp. Condé Nast's *HG*, the new incarnation of *House & Garden*, debuted in March as a shelter book that seeks to cover all aspects of home and style. The debut issue, for example, includes such diverse articles as "Romance," "Little Black Chairs, Little Black Dresses" and "Dennis Hopper's New Wave." While the new design and widened breadth of coverage have created a sense of excitement for the magazine, it has also raised some questions.

Lotito of Ammirati had the impression that *House & Garden* has undergone more redos than it actually has, which he termed "disruptive." Surprised to learn that, prior to this change, the last time *House & Garden* was reformatted was back in 1983, Lotito nonetheless makes his point: Many other media planners must be under the same misimpression.

Still, *HG*'s efforts to break from the pack are understandable. Last year, *Home* surveyed advertisers about their perception of all the shelter books. "What came across was a real clear understanding of the demographics of the magazines," says *Home* publisher Michael Stanke. Most boast circulation in the high six figures or more, their readerships' median ages range in the low 40s and more than 80% of their subscribers own a home.

Few ad dollars and many titles force publishers afield, says BBDO's Osborn.

But the *Home* survey also revealed that advertisers viewed the shelter books' editorial as "all basically the same, and limited," Stanke says. The monthlies are, in fact, distinctly different products, and they have evolved dramatically in the last five years.

For example, Knapp Communications Corp.'s *Architectural Digest* has carved out a stance as the ultimate wish book; photographing stars and society personages' homes in all their luxe details has paid off handsomely. Last year, it registered ad sales of $33.9 million for 1,589 ad pages.

Clearly, not all of the ads it carries are home related. Publisher Thomas P. Losee says, "Without question we go beyond shelter, but home furnishing is our [advertising] base." He points out, "Due to the people we attract [*Architectural Digest* claims more readers with incomes exceeding $90,000 than any of its competitors], we carry advertising from virtually every classification" of advertising.

In recognition of that fact, Condé Nast first overhauled its *House & Garden* in 1983 "from a broad-based service magazine to the very upscale end of the market, focusing on decorating, design and architecture," says J. Kevin Madden, publisher of the magazine. Madden says the recent redesign came about because its upmarket positioning was too limiting. "We felt that we were not reaching our potential," he says, and adds that the broadening of the book's range to appeal to more baby boomers has been well received by advertisers. The May book, he reports, closed at 138 pages versus 130 the year before.

H&G's new direction has sparked plenty of comment in the field. One competing

BUILDING EQUITY

Five years of ad revenues

Publication	1987 $(000)	% of Change	1986 $(000)	% of Change	1985 $(000)	% of Change	1984 $(000)	% of Change	1983 $(000)
Architectural Digest	33,830	+11.35	30,381	+ 5.73	26,634	+ 3.13	27,765	+12.61	24,655
Better Homes & Gardens	141,049	+ 9.82	128,550	+ 5.28	122,108	− 2.17	124,815	+16.24	107,381
Colonial Homes (B)	6,855	+ 0.45	6,824	+ 5.88	6,445	+ 1.25	6,366	+ 1.25	5,240
Country Home (B)	7,490	+31.48	3,419	+84.31	1,855	+207.63	603	−−	N.A.
Country Living	31,427	+23.80	25,385	+20.24	21,111	+35.48	15,582	+71.41	9,248
Home	13,432	+18.87	11,300	+19.68	9,442	+49.98	5,288	+13.74	4,649
House & Garden (HG)	23,382	+ 5.03	22,263	+ 7.83	20,647	+10.89	18,619	+44.60	12,876
House Beautiful	24,823*	N.C.	22,583	− 6.57	24,170	− 7.37	26,093	+20.14	21,719
Metropolitan Home	21,337	+46.01	14,615	+ 5.61	13,838	− 1.90	13,860	+26.33	10,971
1001 Home Ideas	12,694	+30.21	9,749	− 9.10	10,725	+20.52	8,899	+41.23	6,301

Reprinted courtesy of Media Industry Newsletter, *except (*), which is Publishers Information Bureau. (B) = bimonthly.* House & Garden *became* HG *with the March issue.*

publisher says, "Clearly, *HG* took a position to be a lifestyle, not shelter, magazine. It's beautiful, but it's like a blind date — you don't know what to expect."

Madden responds, "We're not making this a general-interest magazine. We're setting a new standard for magazines about home, decoration, design, style . . . The term 'shelter magazine' is almost an anachronism."

Adds *1,001 Home Ideas'* Levinson: "The only time people in this business make editorial changes is in an attempt to attract advertisers. Growth at *House & Garden* and *Metropolitan Home* came after their revamps and represents advertisers outside the traditional bounds" of shelter-advertising competitors.

Meredith's *Metropolitan Home* has, indeed, been grabbing the attention of broad-based advertisers, including B.M.W., Ann Taylor and Baccarat, as well as such staples as Baker furniture. The magazine has been following its readers up the income ladder since its early days as *Apartment Life*. It adopted its current name in 1981 and is perceived as a glossy, hip book that translates the latest decorating trends for a young, urban audience. In September of 1986, the book went to a bigger size and heavier stock paper. Since these developments, *Metropolitan Home* has grown more than 18% in ad pages.

Publisher Stephen R. Burzon insists, "*Met Home* is a service magazine," but wants it known that, among its points of difference, it is "written with a sense of humor." Other shelter books aimed at the rich, he says, "are either deadly serious or bitchy chic."

But *Metropolitan Home*'s big-sister publication hardly fits that description. Meredith's *Better Homes and Gardens* appeals to far more middle-class sensibilities. "We call it a home and family-service magazine," explains publisher Del Rusher, ticking off the areas the magazine covers: food, appliances, building, decorating, travel, health care and money management. "We're not going to attract the fashion end of the business," he admits, but "we're not going to change the magazine to attract that. It would throw off the reader. Advertisers value the stability of *Better Homes*."

And how. *BH&G* leads the field in ad revenue. With 1987 ad sales of $142.2 million on 1,434 pages, it ranks seventh in revenues among all PIB publications; the next ranked shelter book is *Architectural Digest*, which comes in at PIB's 43rd position. *BH&G*'s circulation of 8 million versus *Architectural Digest*'s 632,235 accounts for the difference (*AD*'s four-color page is $28,490; *BH&G*'s is $103,480).

If *BH&G* is the category's ad leader, Hearst's *House Beautiful*, at 92 years old, is the grande dame. Publisher Marcia Miller claims that although it may be the oldest, it is among the first to identify design trends. For example, she says, "Our May issue is all about Scandinavian furniture, which we think is going to be a major trend."

PAID READERS AND RATES

Title	Average Circulation	One-Time, Four-Color Page Rate
Better Homes & Gardens	8,093,630	$103,480
Country Living	1,636,215	35,675
1,001 Home Ideas	1,508,869	27,660
Home	889,929	26,500
Country Home	839,207	31,200
House Beautiful	829,913	31,255
Metropolitan Home	717,052	29,215
Architectural Digest	632,235	28,490
Colonial Home	600,502	23,430
House & Garden (HG)	572,544	24,910

Sources: Standard Rate & Data Service; circulation figures are six-month averages, January 1 - June 30, 1987, as reported by Audit Bureau of Circulations.

The goal of the book, says Miller, is to reach "a young person who is trying to establish her taste level *and* the mature woman, 35-plus, who knows pretty much what she wants."

Like the rest of the category, *House Beautiful* has changed its look. Since Miller arrived in 1986, she says, "We upsized in February '86, and we reformatted and changed [paper] stock in 1987," adding more four-color and more articles by well-known designers. She hopes these changes attract home-furnishing retailers along with the manufacturers. "Magazines should reinvent themselves every few years," Miller says, noting that *HB* "did lose ad pages [in 1984 and 1985] because we weren't changing and other books were sprucing up."

1,001 Home Ideas unabashedly pursues the middle-class reader. This Family Media Inc. book aims to appeal to "emerging families," describes Levinson. "*HG* and *House Beautiful* almost get empty nesters," he argues. *1,001*'s readers buy resales and spend to fix them up. "In terms of mid-scale, it's us and *Country Living*," he adds. Both magazines have circulations of at least 1.5 million readers.

Hearst's *Country Living* is credited with opening up the most lucrative offshoots of the shelter category. The 10-year-old book concentrates on country-style decor and traditional lifestyles, but publisher Richard J. Sarno makes sure it is known that "50% of our editorial is on home furnishings." Happy where he is, Sarno says, "Everybody wants to broaden the advertising base, but you don't want to stray too far from what you are. I think that's a problem in the industry."

Sarno can afford to talk like that: *Country Living* has had the greatest circulation growth of any magazine in the country for five years in a row, and the ad-rate base jumps another 150,000 in

July, to nearly 1.9 million.

Meanwhile, *Home*, which commissioned the study that revealed how little advertisers understood about shelter books' edit, focuses on remodeling and building topics, as opposed to decorating. "We're trying to take the uncertainty out of an uncomfortable process," says publisher Stanke.

Yet *Home* also bids for upscale, nontraditional advertisers. "Our readers are creating the environment they want, and they can afford it," believes Stanke. "But they don't live in a vacuum. We're broadening our advertising horizon and going to people like automotive advertisers." So far, *Home* has landed pages from Volvo, Lincoln Continental and American Express.

With all the titles and goings-on, how do planners decide which books get their business? Most say they base their decisions primarily on statistics. "I will look at circulation and demographics, then the book," says Ray Juracek, advertising director at Rolscreen Corp., maker of Pella brand windows, screens and doors.

Jaye Frusciante, media planning supervisor at Ally & Gargano Inc., says syndicated research on consumers of floor coverings at a certain price level got *Home* on the media schedule for the agency's client, Karastan carpets, an upscale brand from Fieldcrest Cannon Inc. Magazines already on Karastan's list include *Architectural Digest*, *House Beautiful*, *HG*, *Metropolitan Home* and *Colonial Homes*. *HG* and *Architectural Digest* are "image books" and make the list for their upscale demographics, Frusciante explains. But "*House Beautiful* is not real high-end. It's on the schedule because it's a hands-on book for women with a mindset of making a change in their homes."

Juracek of Pella warns the upscale trend "could have a bad effect" on traditional shelter advertisers. "Not everyone can sell Cadillacs," he points out. Pella's target market has a median annual household income of $40,000, Juracek adds.

Joann Davis, manager of media services at Armstrong, the giant mass-market home-furnishings supplier, agrees. "Rep after rep comes in talking about how high the median-income level of their circulation is," tells Davis. "I'm not so sure that's a good thing. Obviously, there are still a lot of people earning $25,000 a year, and they buy a lot of our products."

Yet Davis says Armstrong advertises even its moderately priced Thomasville furniture in top-of-the-market *Architectural Digest*. "People [in the market for Armstrong products] may not be long-term subscribers, but they buy from the newsstand or take a subscription for a year when they start to remodel," she reasons. Yet she fears that such dependency on shelter magazines weakens traditional advertisers in negotiating positions and price as publishers seek out others.

Armstrong's Davis feels the market for her products begins with the solidly midscale.

Indeed, *Met Home*'s March issue led off with a veritable parade of fashion advertisers; Saks Fifth Avenue, Ann Taylor and Joan Vass USA all appeared in the first 10 pages. Much noise has been made about the fact that cosmetics ads in *HG* appear at least as prominently as typical shelter ads do. Lancôme, Clinique and Estée Lauder run in the first 11 pages, along with upscale furniture brands like Henredon and Baker.

In fact, Cosmair Inc. has advertised its Lancôme brand in Condé Nast's *House & Garden* since March 1983. It occupies the franchised second-cover page in the March premiere of *HG*. Joan Lasker, spokeswoman for Lancôme, says the only other shelter book the company uses is *Metropolitan Home*.

BBDO's John Osborn, who handles the Armstrong account, can understand why more fashion-related advertisers are flocking to the shelter books. "As a media decision maker, considering the cluttered environments [of fashion magazines], if I could, I'd break into a new environment too."

If fashion advertisers can stand out in shelter books, there are furnishings advertisers who find fashion books do the same for them. With less than $1 million to spend, Roche-Bobois (R-B), a high ticket, high design furniture manufacturer, puts all its spending in four consumer magazines: *Metropolitan Home*, *Architectural Digest*, *HG* and *Elle*. Yes, *Elle*. Patrick Lago, R-B vice president, explains, "Once we had covered the most important shelter magazines, our aim was to be in a fashion magazine because what we do has a lot to do with fashion."

Karastan also strays from the generic shelter books, but not as far as to *Elle*. Frusciante of Ally & Gargano says she added regional *Sunset* to Karastan's list last year when the schedule was "underdelivering the West." And she added Condé Nast's *Gourmet* this year and last, though not as a core book. The only shelter magazine added to Karastan's core list in a couple of years is Hearst's *Colonial Homes* for one product, the Williamsburg collection.

Karastan's careful tiptoeing beyond its standard list seems typical of the regular shelter advertisers as they evaluate the recent changes in the field. Osborn of BBDO, says, "When we evaluate magazines, it's hard to judge how subtle or even major changes will affect the books. I first look back on their track record," to see how successful past changes have been, he tells. "As long as [the new change] makes sense and has a clear direction and purpose, I'd say the advertisers should stay with it."

Meanwhile, his client, Davis of Armstrong, adds, "It is going to take a while for them to see a change in the people who read their magazines. That's what I'll be watching over time [at the new *HG*]. If they're good for us in January, they're good for us in March." ■

COVER STORY

CHARGING UP

The super-energized cable medium is ready to make its run as a mainstream buy.

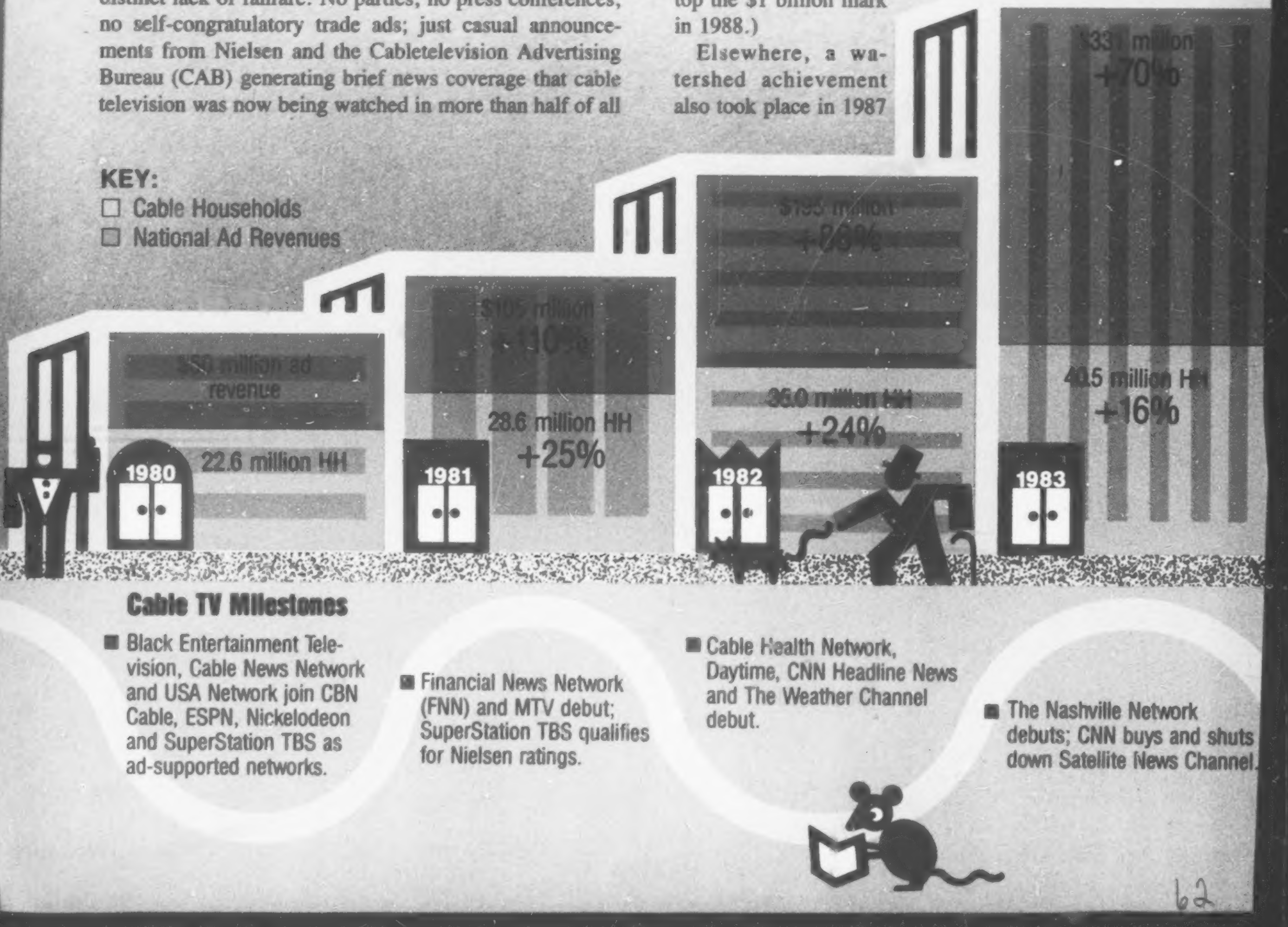
by Joe Mandese

Something remarkable happened in 1987. Cable tv, a medium not known for its lack of self-promotion, passed its most significant milestone to date with hardly a peep. Except for a few understated press releases, the cable folk — usually eager to exploit even the slightest statistic of industry growth — passed cable's 50% household-penetration barrier with a distinct lack of fanfare. No parties, no press conferences, no self-congratulatory trade ads; just casual announcements from Nielsen and the Cabletelevision Advertising Bureau (CAB) generating brief news coverage that cable television was now being watched in more than half of all American homes.

The low-key treatment of the 50% penetration event could be the most telling sign of the cable industry's maturation as a national advertising medium. Or it could be that the cable people were simply too busy passing other equally remarkable milestones to take notice.

For instance, in 1987, cable finally topped the $1 billion ad-revenue mark, reaching $1.15 billion in combined national and local sales. (National ad revenues are expected to top the $1 billion mark in 1988.)

Elsewhere, a watershed achievement also took place in 1987

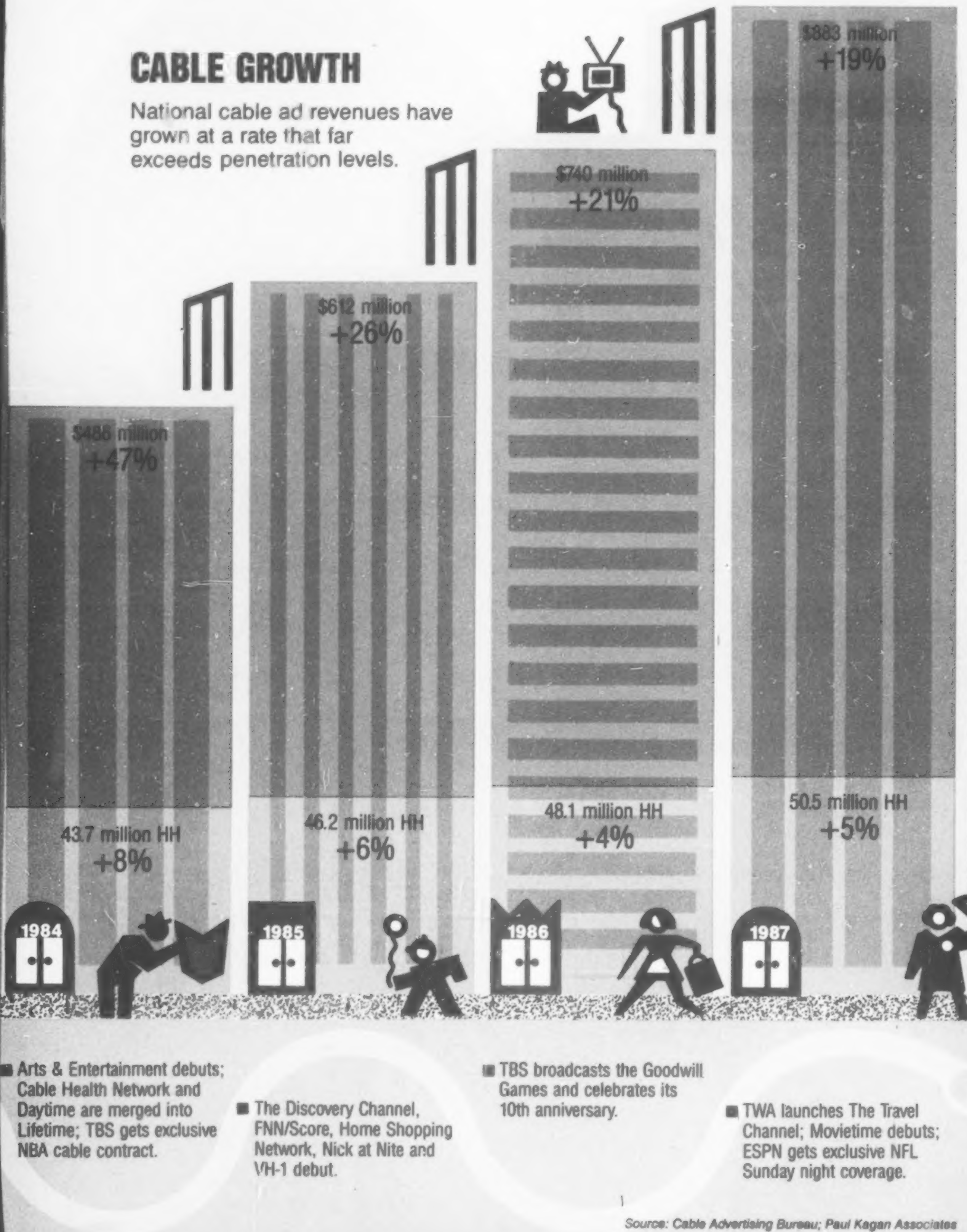


Cable TV Milestones

- Black Entertainment Television, Cable News Network and USA Network join CBN Cable, ESPN, Nickelodeon and SuperStation TBS as ad-supported networks.
- Financial News Network (FNN) and MTV debut; SuperStation TBS qualifies for Nielsen ratings.
- Cable Health Network, Daytime, CNN Headline News and The Weather Channel debut.
- The Nashville Network debuts; CNN buys and shuts down Satellite News Channel.

CABLE GROWTH

National cable ad revenues have grown at a rate that far exceeds penetration levels.



- Arts & Entertainment debuts; Cable Health Network and Daytime are merged into Lifetime; TBS gets exclusive NBA cable contract.
- The Discovery Channel, FNN/Score, Home Shopping Network, Nick at Nite and VH-1 debut.
- TBS broadcasts the Goodwill Games and celebrates its 10th anniversary.
- TWA launches The Travel Channel; Movietime debuts; ESPN gets exclusive NFL Sunday night coverage.

Source: Cable Advertising Bureau; Paul Kagan Associates

ILLUSTRATION BY DAVE FLAHERTY

ADAM CHINITZ

AT&T's Ritter says cable's biggest problem is that it still is hard to plan.

when a basic cable network proved that it could compete with the broadcast networks in a major sports-rights bidding war. Not only did ESPN's landmark deal for exclusive Sunday-night coverage of the NFL pay off in terms of wider viewership and ad revenues; it proved cable's viability as a medium to be reckoned with. Suddenly, cable networks are bidding — and finding their prices accepted — by makers of network-quality programs. As a result, cable has inked deals for fresh, off-network series, including *Cagney & Lacey*, *Miami Vice* and *Murder, She Wrote*, that normally would have found their way to the broadcast-syndication marketplace.

Critical Mass

For many, the 50% penetration mark is a symbol that, more than the others, cannot be ignored: By reaching more than half of U.S. tv homes, cable has finally achieved a critical mass as a national advertising medium. "It can no longer be looked at as a vehicle that is not national," explains Kathryn Hayes, director of advertising services at Warner-Lambert. "Now that they have gone beyond 50% penetration, we view it as a national vehicle."

A few other key points have also had a hand in shining cable's image. "I don't think anyone expected that when it got past 50% the bells and whistles would go off and we would move all our money into cable," says David Lerner, vice president/network supervisor of FCB/Leber Katz. "But combined with the erosion of ratings and the increasing costs involved in other alternatives, people are looking more seriously at cable from a programing standpoint."

While a few maintain that cable's glass is still half empty, the holdouts appear to be dwindling. In 1987, only three of the top 100 network-tv advertisers were lacking cable in their mix. Others, meanwhile, see advantages to a glass that's half full.

"Cable has its pluses and minuses," relates Bob Igiel, senior vice president/executive media director at N W Ayer. "It doesn't get into every home, but it sure gets into some very desirable ones," he says, alluding to the upscale demographics and more refined targetability of cable households.

Others say the debate over cable's "national-ness" is a matter of semantics. Although cable is only in 50% of U.S. tv homes, it is available nationally in every U.S. market. "You could make the analogy about how magazines are in every DMA or every county. However, if you look at the average rating or percent coverage that a national magazine gets, it's pretty small," says Don McAllister, manager of media for Gillette, noting that the low household-penetration levels for national magazines do not diminish their value to national advertisers.

Some even see cable's national coverage as an advantage over other supposedly national media. "Cable is delivered in every single DMA in the country, as opposed to some syndicated shows that may have a 70% clearance, yet they are missing 30% of the U.S.," explains RJR Nabisco Broadcast president Peter Chrisanthopoulos. "In cable, you are not missing an entire area."

Fair Share

But if cable has achieved critical mass as a national advertising medium, sellers of the medium wonder why it hasn't achieved a "fair share" of national ad revenues. According to the CAB, cable has a 25% share of national-tv viewing (network and cable tv's combined 24-hour shares) but in 1987 received only 8.5% of the $10.4 billion that advertisers spent on national-tv buys (network, cable and national-syndication dollars).

However, Larry Cole, senior vice president/head of media of Ogilvy & Mather, maintains that there is no direct corollary between a medium's share of exposure and its share of ad budgets. "It isn't written anywhere that your share of advertising dollars should be proportionate to anything," he emphasizes. "A medium's share of reading, viewing, or whatever does not necessarily dictate its share of advertising dollars."

Indeed, cable tv currently is sold at 25-40% cost efficiencies over network tv, and most buyers say that is one of the main reasons they have been increasing the shares of their budgets going to cable. While the national average may be only 8.5% of national-tv budgets, many major tv advertisers spend substantially more, including Anheuser-Busch (12.3%), Clorox (17.2%), General Mills (13.9%), Gillette (26.5%), Mars (11.4%) and Wrigley (12.9%). Thompson Medical, the largest percentage user of cable, spends more than half its total broadcast budget in the medium (51.3%).

Cable has steadily outpaced all the other tv media in its rate of growth, although on a much smaller base than most. Moreover, cable's year-to-year ad-revenue increases have grown at a much faster rate than its increases in household penetration (see opening chart), which would suggest that it is catching up in terms of share of national ad budgets.

Strategic vs. Tactical Use

While much of the exodus of ad dollars from network to cable tv is intended to tactically compensate for network underdelivery, advertisers increasingly are employing cable as a strategic part of their mix. In addition to picking up lost network-viewing shares, advertisers are discovering more efficient ways of reaching key targets with cable.

"Cable has to be right for a particular brand," explains Warner-Lambert's Hayes. "We know for certain brands that users of the product do not subscribe to cable. They are downscale, they're older and they don't watch cable tv. So there is no reason why we should be diverting dollars to that medium. But there are other products of which we know cable subscribers are heavy users."

By using syndicated market-research data from sources such as Simmons and MRI, advertisers are looking beyond the household and demographic data of cable ratings. They are learning that for some brands, the cable-homes index is substantially higher than those of non-cable, making cable a more attractive medium.

Gillette used that logic over the last couple of years to substantially increase their cable-tv budget. "We've been trying actively to narrow our traditional 18-to-49-year-old-type targets and identify key user groups, and cable's diversity of programing would seem to satisfy some of those needs," explains Gillette's McAllister, adding, "You can target in on certain types of audience with something like MTV, with very little waste attached."

As a result, Gillette has realized huge cost savings while more effectively targeting its target groups. Gillette's increased cable dollars have come at the expense of network prime- and daytime television, although the company remains a big player in network sports programing.

TOP PERCENTAGE USERS
JANUARY - DECEMBER 1987

COMPANY	Combined Broadcast/Cable Network Dollars	Cable Only	Cable's Percentage of Combined
Thompson Medical	$ 16,313	$ 8,374	51.3%
Canandaigua Wine	15,733	4,581	29.1
Gillette	29,891	7,909	26.5
Clorox	40,123	6,894	17.2
MCA	18,455	2,824	15.3
General Mills	133,724	18,581	13.9
Quaker State	12,324	1,712	13.9
Wrigley	51,672	6,680	12.9
Anheuser-Busch	186,947	22,943	12.3
Mars	130,271	14,877	11.4

Source: Broadcast Advertisers Reports, based on six measured cable networks.

ADAM CHINITZ

O&M's Cole says a good agency will plan cable regardless of the complexities.

Others see another equally important strategic use of cable. American Telephone & Telegraph (AT&T), for instance, uses cable to support its "Special Needs Center" campaign, which promotes AT&T products that benefit the disabled and other people with special needs. One such spot featuring the deaf actress Marlee Maitlin discusses how AT&T equipment can help people with hearing impairments. When the commercials, which include an 800 telephone-inquiry number, aired on the Arts & Entertainment network, AT&T corporate broadcast manager Douglas Ritter says the company could barely handle the volume of calls that come in response. "The beauty of these commercials is that they are not 30 seconds long," says Ritter. "These are 120-second spots that we were able to place because they are on cable."

Programing Loop

Although cable has long been the stepchild of the tv business when it comes to program development and acquisition, the economic tides have begun to turn as cable-tv systems start to increase the share of revenues they contribute to cable-network programing budgets. Although broadcast networks have essentially one revenue source — advertising — to put into programing, cable networks have always had two: advertising and subscriber revenues.

And while the cable networks' $1 billion in ad revenues pales in comparison to the broadcast networks' $9 billion, the cable nets also get a share of the $13 billion that cable subscribers pay systems operators for cable service. "The subscriber is now in effect paying for part of the cable-programing pie," explains CAB president Bob Alter, noting that because of an additional $600 million to $700 million in subscriber fees, the ad-supported cable networks will spend nearly $1 billion on programing in 1988. "That's what is enabling cable to compete and get the NFL as well as first-run, off-network programing and also to do a lot of made-for-cable programing today," says Alter.

Because the revenues contributed by subscriber support of cable systems is expected to increase, the likelihood that programing will continue to improve is good. And the better the programing, the more subscribers there will be to the systems. Furthermore, in addition to more system revenues, more subscribers mean more viewers. And more viewers mean higher ratings. And higher ratings mean more advertising revenues — which, in part, will go back into the program-acquisition loop.

It is just this loop that is attracting advertiser attention. "We don't really buy network or cable," says BBDO senior vice president/director of national-television buying Steve Grubbs. "As an agency, we buy programing," he differentiates, adding, "I'd have to say that it is going to be another good year for cable, because they have secured a number of first-run, quality shows and they are competing with syndication for some of the off-network shows. I think syndication is going to get squeezed, and that, of course, will be much to the benefit of cable."

The new wave of cable programing is firmly pulling cable out of the fractional-ratings department and putting it into competitive single-digit ratings that compete with most syndication shows and some of the network shows.

ESPN's average 10.6 rating for the eight regular season NFL games it aired may be the double-digit exception, but it is not uncommon to find regular cable programing nudging into the middle single-digit ratings.

In fact, USA Network is projecting an average 4 rating when it begins airing the off-network run of *Murder, She Wrote*, and USA's off-network run of *Miami Vice* is expected to do equally as well. While this is a far cry from the average ratings they are pulling now on their broadcast networks — about 20 and 14, respectively — it is not too far off from low-rated network shows or some strong syndication shows. For instance, CBS's *West 57th* has averaged only about a 7.7 rating. Meanwhile, solid syndicated shows such as number 10-rated *Entertainment Tonight* deliver numbers in the 7 ratings range.

TOP TEN CABLE ADVERTISERS

ADVERTISER	1987	1986	Percentage Change
Procter & Gamble	$23,713,272	$29,761,666	−20.3%
Anheuser-Busch	22,943,379	19,486,695	+17.7
Philip Morris	20,581,730	22,186,266	−7.2
General Mills	18,580,934	15,537,623	+19.6
Time Inc.	16,411,682	16,036,530	+2.3
Mars Inc.	14,876,662	17,667,993	−15.8
RJR Nabisco	14,688,479	10,455,250	+40.5
Coca-Cola	9,796,911	6,130,084	+59.8
Thompson Medical	8,373,684	1,819,248	+360.2
General Motors	7,967,826	7,203,621	+10.6

Source: Broadcast Advertisers Reports 6 Cable Networks

Trade Offs

While cable's future appears bright, its present is not without drawbacks. Despite gains in programing and ratings clout, cable still is logistically difficult to plan and buy, and many agencies still are reluctant to recommend bigger budget slices to the medium.

"The biggest problem cable has is that it is far easier to create a media plan using network and spot television than it is to add cable into the mix," bemoans AT&T's Ritter. "It's extremely labor and time intensive for a planner to make it work."

Or, as another major cable advertiser explains it, "It's a lot easier for agencies to go to three networks and spend $300,000 for three commercials than to spend $300,000 and buy 375 commercials."

Indeed, there are currently 31 basic cable services and making a buy that covers the cable universe is a planning nightmare since each purchase requires separate negotiations, ratings projections, tracking and invoicing. Moreover, cable networks have yet to standardize their ratings reports, which makes it difficult for agencies to do post-buy analyses.

However, O&M's Cole says the difficulties in buying cable are no longer an excuse for not doing so. "A good agency will plan and buy a good media opportunity regardless of the complexities of it," he sternly states.

Meanwhile, the cable industry has

taken steps to make the process less of an effort for agencies. Recently, the CAB began supplying agencies with a computerized planning system that enables planners to tie a client's buying parameters in with syndicated research data to come up with an effective cable plan.

The CAB also is working with cable networks to standardize cable buying practices, such as post-buy analyses. While all this should help, others are going a step further by pooling the cable pieces together to make an efficient one-stop cable buy. For example, Infomarketing, Parsippany, N.J., which is a cable-marketing specialist service, put together a project called CableOne not long ago (a buying system that enables cable advertisers to purchase any combination of cable networks with a one-invoice, single-guaranteed rating).

CableOne has had only limited success to date and is expected to generate only about $18 million in 1988 cable revenues. However, others are attempting to broaden cable's reach even further by mixing it with other media in their schedules.

Recently, Procter & Gamble made a $10 million commitment to advertise on an "unwired network," consisting of SuperStation TBS and the Tribune tv stations. TBS reportedly is seeking out other similar unwired-network ventures. Meanwhile, International Advertising Sales, a barter-syndication firm representing companies such as Coca-Cola, Orbis and Paramount, has been approached by three unidentified cable networks to sell their inventory in complementary combinations with syndicated shows.

Whether such hybrid selling strategies will make a difference for cable networks remains to be seen. But clearly cable has reached a new threshold that goes beyond 50% penetration of U.S. tv homes.

"The threshold is not an audience threshold," says N W Ayer's Igiel, "it's a mental one. People are looking at cable and saying, 'This is viable. It can help me sell products and services, and I can use it as part of may standard approach to reach people through television.' " ■

THE WINNING CIRCLE

Hot shows lead to higher ratings. Good ratings lead to more ad dollars. Upped ad dollars fund better programing. And so goes cable's growth cycle.

by Rich Zahradnik

When Tom Burchill boarded a plane for the NATPE conference in February, he seemed just one of several high-ranking cable executives heading down to the programing show. But the Lifetime executive's trip to Houston was different from last year's. His goal was to talk to producers about programing deals that would bring their shows to his network before they aired on local stations. And he wasn't alone. Several other cable-net execs went to NATPE with the same idea of stepping between the producers and their traditional tv-station customers.

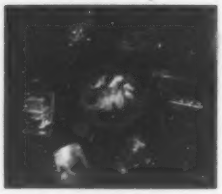
"In the past, we were going down just to see what was around or to be granted an audience where we might have the opportunity to bid on some old reruns," explains Burchill, president and chief executive officer of Lifetime. "Those are times past. We are now going down to talk about programing that may be created for us. We're a very welcome new customer."

No wonder. Burchill's network spent "an arm and a leg" to buy first-run syndication rights to *Cagney & Lacey*, and USA Network and CBN Cable have done similar deals for shows like *Murder, She Wrote* and *Remington Steele*. Capitalizing on the soft market among stations for hour-long shows and flush with new subscriber and ad dollars, the cable networks have been buying what for basic cable are very attractive programs, playing havoc with the distribution windows for the shows in the process.

Those same networks may still be a long way from competing in the white-hot market for off-network sitcoms. Their $400,000-per-episode price tag does not seem within cable's budget at this point — but neither did NFL football a couple of years ago.

NFL on ESPN and the off-network purchases suggest what cable networks can expect from their higher-visibility programing efforts: the creation of ratings success stories that sell more time and, hence, produce more money that can further enhance network programing. And so the cycle goes, creating as a byproduct a robust energy for the cable medium.

Cable's newfound ability to attract high-visibility programing can be traced to growing advertising and subscriber revenues (two factors cable has some control over) and soft demand for

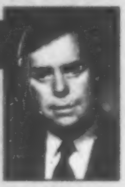


CABLE AD SCORECARD

A GUIDE TO THE TOP 20 AGENCIES IN CABLE, BY BILLINGS

YOUNG & RUBICAM

1



Paul Isaacson, Executive vice president, broadcast programing and purchasing

Clients using national cable:
Adidas
AT&T
Canada Dry
Chiquita Banana
CIBA-Geigy
Clorox
Colgate-Palmolive
Dannon
Disney
Dr. Pepper
Du Pont
First Brands
General Foods
Heublein
Jamaica Tourist Bureau
Jenn-Air
Johnson & Johnson
Kentucky Fried Chicken
Kodak
Lincoln-Mercury Division
Met Life
NYNEX
Olympic Stain/Paint
Pillsbury
Richardson-Vicks
Suzuki
TWA
UNISYS
U.S. Army
U.S. Postal Service
Warner Lambert

Networks used: A&E, BET, CBN, CNN, CNNHN, C Span, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, TWC, SIN, USA

1987 billings: $43.2 million
Projected 1988: $44.6 million

FOOTE, CONE & BELDING COMMUNICATIONS

2

Jim Cunningham, Vice president, associate national broadcast director

Clients using national cable:
Alaska
Amana
CALRAB
Campbell
Carnation
Celestial Seasonings
CIBA Geigy
Clorox
Colgate
Coors
Dental Center at Sears
Dial Corporation
Frito-Lay
H.I.S. Jeans
Kraft
Levi's
Long John Silver's
Mazda
Orion
Pearle Vision
Ray-O-Vac
S.C. Johnson
Sunkist
Teledyne Water Pik
Zenith

Networks used: A&E, BET, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, Silent Network, TBS, TNN, TWC, USA, VH-1

1987 billings: $34.0 million
Projected 1988: $39.0 million

DDB NEEDHAM

3

New York: *Bart McHugh, Senior vice president, director of national radio/tv programing*

Chicago: *Wes Dubin, Senior vice president, broadcast director of network tv and radio*

Clients using national cable:
Amtrak
Audi
Chanel
Columbian Coffee
First Nationwide Network
Frigidaire
Frito-Lay, Inc.
General Mills
GTE
H.J. Heinz
Hershey Chocolate Co.
Maybelline
Michelin
Mobil
National Dairy Board
Ramada Inn
Rubbermaid
Seagram Wines
State Farm Insurance
The Nashville Network
Universal
Volkswagon

Networks used: A&E, BET, CBN, CNN, CNNHN, Discovery, ESPN, FNN, FNN Score, Lifetime, MTV, Nickelodeon, Nick at Nite, TBS, TNN, TWC, Tempo, USA, VH-1, WGN

1987 billings: $31.5 million
Projected 1988: $41.0 million

KEY TO ABBREVIATIONS

A&E: Arts & Entertainment.
BET: Black Entertainment Television.
CBN: CBN Cable Network.
CNN: Cable News Network.
CNNHN: Cable News Network Headline News Service.
DISCOVERY: The Discovery Channel. Science, nature, documentaries.
ESPN: Entertainment and Sports Programing Network.
FNN: Financial News Network. Consists of FNN, Score and Telshop.
LIFETIME: Women's service/health and fitness from Hearst/ABC/Viacom Entertainment services.
MSG: Madison Square Garden Sports.
MTV: Music Television
NICKELODEON: All children's. Nick at Nite: family fare.
SIN: National Spanish Television Network.
TBS: Atlanta Superstation.
TEMPO: Satellite Programing Network. Talk shows, movies, how-to's.
TNN: The Nashville Network.
TWC: The Weather Channel.
USA: USA Network.
VH-1: Video Hits One.
WGN: Chicago Superstation.
WOR: New York Superstation.

SAATCHI & SAATCHI DFS, INC.

4

Beverly O'Malley, Senior vice president, director of electronic media

Clients using national cable:

American Cyanamid
California Almond Growers
CPC
Department of Citrus
General Mills, Inc.
Guild Wineries
Helene Curtis
HBO Video
Johnson & Johnson
Kikkoman
L'eggs
Life Savers Incorporated
Nabisco
Northwest Airlines
New York Life
PaineWebber
Procter & Gamble
Squibb
Toyota
Wrangler

Networks used: A&E, BET, CBN, CNN, CNNHN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, Nick at Nite, SIN, TBS, TNN, USA

1987 billings: $31.1 million
Projected 1988: $34.4 million

GREY ADVERTISING

5

Alec Gerster, Executive vice president of media and programing

Clients using national cable:

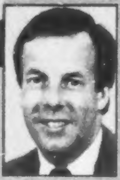
B. F. Goodrich
Block Drug
Borden
Canon USA
Capital Cities/ABC
Color Tile
General Foods
JRAP
Kenner
Mitsubishi
National Dairy Board
Olin
Playtex
Procter & Gamble
Quaker State
Red Lobster
Remington
Stroh Brewery
Union Underwear
Warner Bros.
Warner Bros. Video

Networks used: A&E, BET, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, SIN, Sports Channel, TBS, TNN, USA

1987 billings: $26.4 million
Projected 1988: $28.0 million

BBDO

6



Stephen Grubbs, Senior vice president, director of national tv buying

Clients using national cable:

Apple Computers
Campbell
Centel Corp.
Coldwell Banker
Delta
Dodge
Du Pont
Equitable
General Electric
HBO
Lever Bros.
Menley & James
Navy
Pepsi
Pizza Hut
Polaroid
Visa
Wm. Wrigley Jr. Co.

Networks used: A&E, BET, CBN, CNN, ESPN, FNN, Lifetime, MTV, Nick at Nite, TBS, TNN, TWC, USA, VH-1

1987 billings: $26 million
Projected 1988: $30 million

J. WALTER THOMPSON

7

Richard Kostyra, Executive vice president, U.S. director of media services

Clients using national cable:

Ameritech
Benetton
Eastman Kodak
Fisher Price
Ford
Gerber
Goodyear Tire & Rubber Co.
McDonnell Douglas
Monroe Auto.
Nestle Co.
Orkin
Oscar Mayer
Quaker Oats Co.
Scott
20th Century Fox Film Corp.
United States Marine Corp.
U.S. Sprint Communications
Walker Manufacturing

Networks used: ABI, A&E, BET, CBN, CNN, CN1, CN2, CLV, ESPN, FNN, LIF, MTV, NHR, SIN, TBS, TNN, TWC, USA

1987 billings: $24 million
Projected 1988: $30.0 million

OUR READERS TELL US. . .

Of those media department professionals who report they'll up their cable spending this year, 37.3% will do so by more than 10% and 11.9% will top 20%. (Base = 101, unless otherwise noted.)

1. How long have you been using cable in your mix?

More than 3 years	65.4%
2 to 3 years	16.8%
1 to 2 years	8.9%
Within last year	6.9%
Never	2.0%

2. What percentage of your media budget goes to cable?

None	2.0%
1 to 4%	49.5%
5 to 9%	35.6%
10 to 15%	8.9%
More than 15%	2.0%
No answer	2.0%

3. What changes, if any, do you plan to make in your cable spending levels within the next 12 months?

Increase spending	58.4%
Decrease spending	—
Maintain present level	40.6%
No answer	1.0%

If an increase or decrease, what will be the percentage change?

Less than 5% increase	33.9%
5 to 9% increase	28.8%
10 to 20% increase	25.4%
More than 20% increase	11.9%
Base: 59	

4. Where do the dollar increases in your cable budget come from? (Multiple answers allowed.)

Network tv	54.5%
Spot tv	32.7%
Syndication	12.9%
Radio	5.9%
Print	9.9%
Promotion	2.0%
Increased media budget	19.8%
Other	5.0%

5. What is the main reason you use cable? (Multiple answers allowed.)

To compensate for network broadcast underdelivery	36.6%
To get better efficiencies	47.5%
To use as a hedge against broadcast tv increases	16.8%
To reach target audience	27.7%
Other	23.8%

6. Are you willing to pay a premium for better cable programing?

Yes	43.6%
No	52.4%
No answer	4.0%

7. At what penetration level does cable meet your national buying guidelines?

Current (51.1%)	68.3%
60%	6.9%
70%	5.0%
More than 70%	9.9%
No answer	9.9%

8. When do you believe the major pay cable networks will accept ads?

Never	13.9%
Within next year	2.0%
1 to 2 years	26.7%
2 to 3 years	32.7%
More than 3 years	18.8%
No answer	5.9%

D'ARCY MASIUS BENTON & BOWLES

8

Irwin Gotlieb, Senior vice president, national broadcast and programing director

Clients using national cable:
Conagra
Corning
Dow Chemical
FTD
General Foods
General Motors
Island Pictures
Makita
Mars
Norelco
Procter & Gamble
Taft-Barrish
UDIA
Warner Home Video
Whirlpool

Networks used: A&E, CBN, CNN, CNNHN, ESPN, Lifetime, MTV, Nick at Nite, TBS, TWC, Univision, USA, VH-1

1987 billings: $22 million
Projected 1988: $24 million

OGILVY & MATHER

9

Lawrence Cole, Senior vice president, head of New York media

Clients using national cable:
American Express
AT&T
Bosch
Campbell Soup
CBS Entertainment
Columbia Pictures
Committee on Energy
  Awareness
Cotton
Duracell
General Foods
Hallmark
Kimberly Clark
Mattel
Owens Corning
Publishers Clearing House
Ryder
Schering
Seagrams Wine Cooler
Sears
Shell
Smith Barney
United Technologies
Waste Management
Western Publishing

Networks used: A&E, BET, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, MTV, Nick at Nite, TBS, TNN, TWC, USA

1987 billings: $21 million
Projected 1988: $25 million

McCANN-ERICKSON

10

Ira Carlin, Executive vice president national media director

Clients using national cable:
AT&T
Black & Decker
California Milk Board
Century 21
Coca-Cola
Exxon
Fuji
General Motors
Mennen
National Dairy Board
Nintendo
Texas Instruments
Wells Fargo Bank

Networks used: A&E, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, USA, VH-1

1987 billings: $16.2 million
Projected 1988: $19.0 million

LEO BURNETT

11

Willard Hadlock, Senior vice president, director of media services

Clients using national cable:
Allstate
Black & Decker
First Brands
Heinz
Hewlett Packard
Kellogg
Kraft
M&M/Mars
McDonald's
Mrs. Smith Pies
Oldsmobile
Pillsbury
Procter & Gamble
RCA
Richardson-Vicks
Seven-Up USA
Starkist
United Airlines

Networks used: A&E, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, TWC, USA, VH-1

1987 billings: $15.0 million
Projected 1988: $15-18 million

BACKER SPIELVOGEL BATES, INC.

12

Stephen Leff, Vice chairman, director of media & administrative services

Clients using national cable:
Carter Wallace
CBS
Kal Kan
Magnavox
M&M/Mars
Miller Brewing Company
The Prudential
Prudential Bache
Quaker Oats
Uncle Ben's
Wendy's
Xerox

Networks used: A&E, CBN, CNN, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, TWC, USA

1987 billings: $14.0 million
Projected 1988: $15.5 million

BOZELL, JACOBS, KENYON & ECKHARDT

13

Ted Paszkiewicz, Vice president, associate director of network operations

Clients using national cable:
ACE Hardware
American Airlines
J.I. Case
Chrysler Import Cars
Cushman & Wakefield
Faberge
Holiday Inn
Kawasaki
Lawn Boy
Lorimar Motion Pictures
Merrill Lynch
Realty World
Revlon
Valvoline Oil
Vice-Grip Tools
Weiders Health & Fitness
Wolverine

Networks used: A&E, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, TBS, TNN, TWC, USA, VH-1

1987 billings: $13.5 million
Projected 1988: $15.0 million

N W AYER

14

Robert E. Igiel, Senior vice president, executive media director, national broadcast

Clients using national cable:
AT&T
Avon
Burger King
C.B. Fleet
Dunlap
DuPont
J.C. Penney
Kitchenaid
Procter & Gamble
Sterling Drug Co.

Networks used: A&E, BET, CBN, CNN, C-SPAN, ESPN, FNN, Lifetime, MTV, TBS, TNN, TWC, USA

1987 billings: $12.0 million
Projected 1988: $23.0 million

LAURENCE, CHARLES, FREE & LAWSON

15

Ann Kohl, Vice president, director of national broadcast

Clients using national cable:
Gorton's
Selson Blue
Thompson Medical

Networks used: A&E, BET, CBN, CNN, Discovery, Lifetime, TBS, TNN, TWC, USA

1987 billings: $12 million
Projected 1988: $15 million

WELLS, RICH, GREENE

16

Bob Geis, Senior vice president, corporate media director

Clients using national cable:
MCI
MGM/UA
Miles
Procter & Gamble
RVI

Networks used: A&E, BET, CBN, CNN, ESPN, FNN, HTS, MTV, TBS, TNN, USA, VH-1

1987 billings: $12 million
Projected 1988: $7 million

LINTAS: USA

17

Suzanne Shawn, Vice president, network/new technologies

Clients using national cable:
AC Delco
Chevrolet
GMAC
Heinekin
Howard Johnson's
Lego
Mastercard
Noxell
Rockwell

Networks used: A&E, CBN, CNN, CNNHN, ESPN, FNN, MTV, Nickelodeon, TBS, TDC, TNN, TWC, USA

1987 billings: $10.5 million
Projected 1988: $12 million

WILLIAM ESTY COMPANY

18

Thomas Winner, Executive vice president, media director

Clients using national cable:
Minolta
Noxell
Tambrands
Texaco
The Travelers

Networks used: A&E, CNN, Discovery, ESPN, MSG, MTV, TBS, TNN, VH-1

1987 billings: $9.2 million
Projected 1988: $10.1 million

WUNDERMAN WORLDWIDE

19

Polly Langbort, Executive vice president, director of media services

Clients using national cable:
Fortune Magazine
Money Magazine
Sports Illustrated
TIME Magazine
TIME-LIFE Books

Networks used: A&E, BET, CNN, CNNHN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, Nick at Nite, TBS, Tempo, TWC, USA, VH-1

1987 billings: $6.7 million
Projected 1988: $8 million

WARWICK ADVERTISING, INC.

20

John J. Meskil, Executive vice president, media director

Clients using national cable:
Benjamin Moore & Co.
CPC International
Crafted with Pride in USA Council
Schering-Plough Corp.
Sterling Drug Co.
Union Underwear Co. Inc.

Networks used: CNN, ESPN, FNN, LIF, MTV, TBS, USA

1987 billings: $5 million
Projected 1988: $10 million

the magazines we evaluate. That way, we have the best understanding of the role the books can play in our media plans. ■

TELEVISION

Stephen K. Lonning

Media director,
Barker, Campbell & Farley,
Virginia Beach, Va.

THE FIFTEEN-SECOND COMMERCIAL: A VIABLE OPTION

Everyone in advertising is aware of the scenario: Agency executives, armed with marketing surveys and strategies, stand ready to fight for their client's share of the viewer's attention, with the formerly passive viewer confronting the television in a state of rebellion, zapping commercials and switching on his video recorder.

The worst thing we can do is panic, running up advertising budgets with extravagant commercials that are mini-movies or concentrating too heavily on threadbare, fifteen-second spots. Having spent almost all of my advertising career in media, I know the value of tying strategies to hard facts before spending large amounts of hard cash.

With the fifteen-second commercial becoming a permanent fixture in advertising strategies, what are its special limitations? And have the major drawbacks to fifteens been overcome? Are fifteens a viable tool to offset today's viewer options by lowering the economic investment of advertisers?

A number of communication studies have been performed on fifteens. There is also earlier research on ten-second commercials. Together, these studies indicate that fifteens are about three quarters as effective as the thirty-second spot.

At first it seemed that at about one half the cost of thirty-second spots, fifteens would be an attractive media option. But networks were reluctant to chop up their available time into fifteen-second segments. However, as demand for fifteens has increased, the networks have become more accommodating.

Starting in September 1986, all three networks began accepting fifteen-second spots across their full schedules (except children's time), although only one thirty-second position was made available in each commercial pod. This meant that either one split thirty or two stand-alone fifteens could air in each commercial pod (a split thirty is a thirty-second unit carrying two commercials that advertise two distinct products or services from the same company). Under these rules, 27% of total network inventory was available for fifteens. Fourth quarter '87 guidelines for network usage allowed about that same percentage.

Initially, availability exceeded demand. Now, the increased usage of fifteens is pressing up against the networks' limits on fifteens. All one needs to do is count the current number of fifteens that air on any given prime-time evening to see how demand has grown.

This trend is confirmed by a December 1986 J. Walter Thompson study that predicted 1990 will find 50% of our commercial units made up of fifteens.

In the spot marketplace, there is a somewhat different situation. Stations are still resisting the use of fifteens by charging a premium and limiting availabilities. In some markets, a fifteen may cost almost the same as a thirty, and even if fifteens are available, they are subject to pre-emption by thirty-second spots.

Local stations think they're preserving their thirty-second business by resisting fifteen-second spots. In reality,

Effectiveness of :15s

Research	Measure	Year	Commercial length	Score (Index versus 30s)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Barker Campbell & Farley

The increased usage of fifteens is pressing up against the networks' limits on fifteens.

they are just encouraging advertisers to explore other media options.

The major concern with fifteens, repeated since their inception, is that they increase clutter and hence reduce the effectiveness of the television medium.

Another J. Walter Thompson study has indicated that viewers react negatively to the clutter of fifteen-second commercials. The study employed varying mixes of fifteens and thirties in pods of different lengths. Viewers believed they saw more advertising and reacted more negatively to it. The study also indicated that adding more fifteens in a pod decreased their average effectiveness while increasing the effectiveness of thirty-second spots in the same pod.

Webb & Ray indicate that as clutter increases, recall and attention to commercials decreases. They also discovered that their respondents were only able to recall four commercials, regardless of the number they viewed.

Most advertisers would agree that we have a responsibility to limit the potential negatives. How to do so is the question. Some would argue for elaborate production values (mini-movies) to keep the zapper tuned in.

The creative challenge is to impart the client's message in an artistic and pleasing manner to the viewer. Fifteen-second spots should not be compressed thirties, and they should not be asked to do more work than their format is designed for. Among promotional advertisements, the most logical for conversion to fifteens are those whose purpose is to "sell the sale," since this is a fairly single-minded message. Complex messages should not even be attempted in fifteen seconds.

If we use fifteen-second commercials creatively and within their limitations, we can be assured of a hard-working asset. In these shaky economic times, the attractiveness of shorter commercials becomes a very important factor in deciding approaches to advertising campaigns.

In the end, it will be up to all of us in the advertising business to combine economy and efficiency with good taste. National advertisers can lead the way and hope that local spots will follow. And maybe the overall result will turn out to be an improvement that leaves the television landscape cleaner and with greater intrinsic value.

As a media director, I want all possible options open when investing a client's money. The fifteen-second commercial is a viable option. ■

RADIO

Don Cole

Senior vice president,
media director,
W. B. Doner and Company,
Baltimore

PERSONALITY RADIO HOW HIGH THE PREMIUM?

For an agency of our size, we do a disproportionate amount of spot radio. As a result, our negotiators spend a lot of time with local station personnel and hear an incredibly wide range of arguments for station selection.

Perhaps the most widespread story comes from stations that have very weak audience delivery. They invariably come in with a long harangue about how involved their listeners are with the station and how their station personalities are closely tied in with the local community.

Local personalities do have a local following and a proven track record for moving product.

Very often, some of them are making a good point. In a fragmented market such as radio, a buy solely based on numbers is not simply lazy; it is irresponsible. Local personalities do have a local following and a proven track record for moving product.

Our problem occurs when the station involved wants an outrageous premium for spots in a personality's time period that is not a proven winner. It is not unusual for a weak station with something less than a chance of being on a buy submit a cost-per-point at twice the market multiple. They invariably claim that their morning man is worth it, because a commercial in his program translates into big sales.

Well, we take a somewhat different view. If this fellow has a history that we can quantify of making the cash register ring, then he is worth a premium in the 20-25% range. Our goal has never been good cost efficiencies; it is to sell product.

But all too often the station in question cannot give us any verifiable benchmark or even client references to their personality's special magic with his modest audience. In such cases, we explain our stance that as a marginal player your cost efficiency needs to be 20-25% under the going rate for the stronger stations, which will be the backbone of the buy.

At that point, my phone begins to ring off the hook. I am told what narrow-minded negotiators I have on board.

Narrow-minded — no. Protective of our client's interest — yes. ■

BRAND REPORT

No. 151: Toothpastes and Mouthwashes

ORAL FIXATIONS

by Carol Hall

Open wide, this won't hurt a bit. Like a patient anticipating a trouble-free check-up at the dentist, makers of toothpastes and mouthwashes are smiling at the sweet prospects for their products. Even though the scenarios are different — the $625 million mouthwash category is growing by leaps and gurgles, while the $1.2 billion toothpaste segment is more mature — marketers in both businesses are grinning from ear to ear.

The categories are "witnessing a lot of activity, and marketers

PUMP
MOUTH WASH
TOOTH PASTE

TOOTHPASTE & MOUTHWASH MEDIA EXPENDITURES
JANUARY - SEPTEMBER 1987 (000)

Brand	Media Total	Network Television	Spot Television	Cable TV Networks	Spot Radio*	Magazines	Sunday Magazines	Outdoor	Network Radio
Toothpaste									
Crest	28,264.1	16,442.9	7,751.0	673.6	274.7	3,051.1	70.8	–	–
Colgate	24,023.8	19,622.6	3,827.1	130.8	372.3	71.0	–	–	–
Aqua Fresh	12,236.4	11,268.5	897.0	70.9	–	–	–	–	–
Aim	8,990.5	6,913.8	29.2	117.8	–	1,929.7	–	–	–
Close Up	8,051.2	5,571.2	567.9	266.9	–	1,511.5	–	–	–
Mouthwash									
Listerine	11,692.9	8,401.0	1,834.0	34.4	344.2	76.9	–	—	1,002.4
Scope	14,068.3	10,423.9	2,277.2	302.4	285.6	699.1	–	80.1	–
Listermint	7,496.5	3,299.1	1,326.4	47.5	–	–	–	–	2,823.5
Signal	3,340.0	3,208.5	38.7	92.8	–	–	–	–	–
Act	3,175.1	3,129.9	43.4	1.8	–	–	–	–	–

*Sources: Leading National Advertisers; *Radio Expenditure Reports. Media Records doesn't report quarterly newspaper expenditures.*

JULIA CRUZ-McLAIN

are spending lots behind the brands," says Joseph Kosloff, an analyst at Drexel Burnham Lambert. "Why? Because the advent of new claims is making them grow, and because the demographics ain't bad, with the country's most populated segments getting older," he says.

Toothpaste is used by nearly 95% of adults — about 160 million people — in the U.S., according to Packaged Facts, a research firm. Statistics show women outbrush men slightly and that over 25% of all users brush their teeth three or more times a day. Growth in the category is slight, averaging 2% to 4%, but is not likely to diminish while consumers are paying more attention to oral health.

In contrast, 62% of adults use mouthwash (also called "rinse") daily, according to Packaged Facts. New anti-tartar and plaque-fighting mouthwashes are having a dramatic effect on the market, pushing growth to the 5-7% range, says Bonita Austin, a Wertheim Schroder & Co. analyst. "Tartar-control mouthwash may actually extend the market," she notes, "because it may convince people to use mouthwash."

New product developments are taking their cue, in large part, from the country's demographic shift toward an older population. And as studies prove older people are more concerned about oral health, they'll most likely be very suseptible to new-and-improved claims.

It's important to keep in mind that an "older population" doesn't just refer to senior citizens. While they are certainly drawing the attention (in terms of product development and advertising dollars) of marketers, baby boomers continue to spawn a host of marketing trends — why should the oral-hygiene market be left out of the sweep? Now that they are adults, this health-conscious crowd has stopped comparing cavity counts and begun to worry about the more "adult" peridontal, or gum, diseases that plaque and tartar buildup can cause.

Health statistics show that 95% of people get gingivitis — gum disease that accumulations of plaque and tartar can lead to — at some point in their lives. That's ugly news, but it's information marketers have been able to use to spur these categories.

The aging baby-boomer offers a strong target for health-oriented pitches.

TOOTH
PASTE

The toothpaste market managed an impressive growth spurt with the introduction of the tartar/plaque-fighting lines in 1984. "Market growth was actually boosted by tartar-control pastes, by about 5.5% in some markets — which is absolutely absurd!" hoots Drexel Burnham Lambert analyst Hercules Segalas. That happened, he says, due to promotions and because, at first, consumers were buying several tubes at a time.

Keep in mind, all this is happening despite the fact that the American Dental Association requires brands that receive its seal of approval to state on their packages that anti-tartar toothpastes have "not been shown to have a therapeutic effect on peridontal diseases." The association maintains the benefits are purely cosmetic and don't necessarily promote oral health.

Introducing
Cavity-Fighting Like You've Never Seen Before.

Kids' products show good growth prospects in the field.

Though the sudden growth of the paste business has settled down, consumers' now-hyper awareness of gum disease promises to yield healthy dentifrice growth for some years. All top-five brands have at least one type (gel or paste) and flavor ("regular," mint, etc.) in their repertoire. According to *Supermarket News*, sales of these "preventative" varieties have grown from 18% of supermarket toothpaste purchases in 1985 to 35% in 1987.

Other types of line extensions have kept the normally slow-growth paste category vital. In 1984, Minnetonka's Check-Up brand introduced the pump dispenser to America. By 1985, it was responsible for over 20% of all toothpaste sales, with the tube still accounting for 75%. Most other brands were quick to follow suit. While pumps continue to be popular, the initial meteoric growth of their sales has slowed considerably to about 2% a year (*Supermarket News*).

Dentifrice marketers have also managed to keep the consumer interested in what's *in* the dispenser by offering a choice between gels and pastes. Gels now account for 35% of the market's sales, pastes 63%, according to Packaged Facts.

One species of line extension to keep an eye on is the relatively new group of children's toothpastes. The category, which observers estimate accounts for less than 10% of toothpaste sales, is populated with brand names such as Zoo Collection, Looney Tunes and Muppet toothpaste from Oral B Research. The top contenders for share, though, are Procter & Gamble's mint flavored Crest Super Cool and Beecham's Aqua Fresh for Kids, a less-abrasive, tutti-frutti flavored version of its adult line.

Gum disease has done well by the mouthwash category too. Plaque and tartar, quite frankly, have given this category a new lease on life. "Certainly in the past year, I'd characterize it as explosive," states Lynne Millheiser, senior product manager at Warner-Lambert Co., marketer of Listerine and Listermint. She claims that the November-December '87 sales figures show 16% growth for the category, which she says has about 17 nationally marketed brands. She thinks that the twelve-month figures will also show double-digit growth.

And things only stand to improve, as more marketing pitches touch on oral health and the notion that a rinse can reach places a toothbrush can't. "The growth is in the therapeutic area," says Millheiser. "While breath [freshening mouthwashes] are almost like the price of entry into the market," she explains, a marketer will need to develop more health-oriented products to really be a player. Some think the category could approach sales of $800 million by 1990.

Pumps' popularity, initially very strong, has slowed to a sales growth-rate of about 2% a year.

The interesting twist to this market's story is that it was two relatively small companies that blazed the anti-plaque and tartar-control trail. In 1983, Vipont Laboratories launched a new oral rinse called Viadent. Then in 1986, Oral Research Laboratories went national with Plax. Though the two anti-plaque rinses still have relatively small market shares, they've created enough consumer interest to attract the attention of the market giants.

Colgate-Palmolive launched Colgate Tartar Control rinse in 1987 and, according to one analyst, already has an impressive market share of over 5%. But — surprise, surprise — it faces stiff competition from Procter & Gamble, possibly in the form of two brands. P&G rolled out Crest Tartar Control nationally last September. P&G has been marketing a prescription anti-plaque wash called Peridex since 1986. It could easily be modified for the over-the-counter market and puts the company in a good position to launch another strong contender.

As a result of this new good-for-you emphasis on the part of some brands, the mouthwash industry is experiencing a marketing schism. Some brands are pitched as being "therapeutic" — Listerine, for example — and some are still considered largely "cosmetic," such as Scope. But since the vast majority of people still use mouthwash to perfume their breath, some brands try to straddle the cosmetic/therapeutic fence by promising a healthier mouth *and* fresher breath.

TOOTHPASTE

Crest

Toothpaste sales account for more purchases (46%) of oral-hygiene products than anything else, according to Packaged Facts. Procter & Gamble's Crest has sunk it choppers into a big 40% share of that market, an impressive spot to be in for a brand that as recently as 1985 was seeing sales decline.

Crest has dominated this market since it first won the right to stamp the American Dental Association (ADA) seal of approval as a cavity-fighter on its cartons in 1960. By the mid-70s, its share had vaulted to the 40% range. While there hadn't been a lot of innovation in the category during those intervening years, Crest was slow to adapt to the new ideas like the pump dispenser and gel formulation that soon proved popular. By the late '70s, its share began to hemorrhage, and by 1985, arch-rival Colgate trailed Crest's 29.5% share by a mere 1.5%.

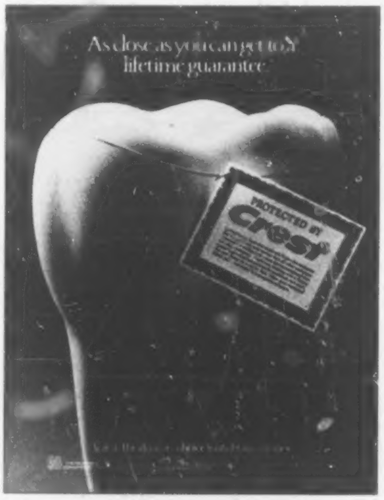
Shocked into action, P&G rolled out a pump version of Crest, a gel version *and* Crest Tartar Control in 1985. The pump and gel launches were catch-up moves, and they did their bit to boost Crest's sagging share.

But the real lift came from the national launch of its tartar-control Crest. It was indeed a roll-out of Procter & Gamble proportions. The giant marketer spent $50 million on a sampling campaign to 70 million homes and, according to industry estimates, around $40 million on advertising.

In 1986, P&G spent over $31 million on media buys for its Crest lines, according to Leading National Advertisers (LNA). For the first nine months of 1987, that total came to nearly $28 million to reach the brand's target: college-educated people, often parents themselves, with incomes of $30,000-plus. Not surprisingly, the bulk of that went toward its regular and gel tartar-control products. Most of that budget went to network-television ads, with spot ranking second, that hailed Crest as "the dentists' choice for fighting tartar." Crest didn't buy any radio or outdoor exposure — not unusual for toothpaste in general — and only a small amount of cable ad time. The paste's agency is D'Arcy Masius Benton & Bowles.

Like many other brands, Crest is heavily promoted in stores and with insert and direct-mail coupons. Last year, however, Procter & Gamble took a fairly unusual approach in a promotion. The company telephoned 10,000 consumers and offered them the chance to win $25 apiece — all they had to do was answer "Crest" when asked which toothpaste is "the dentists' choice."

Crest also cut a swath through a fairly large selection of magazines. In one manifestation or other, the brand was advertised in *American Health, Better Homes and Gardens, Parents, People, TV Guide, Modern Maturity, New York Times Magazine* and *Working Woman*, to name a few.



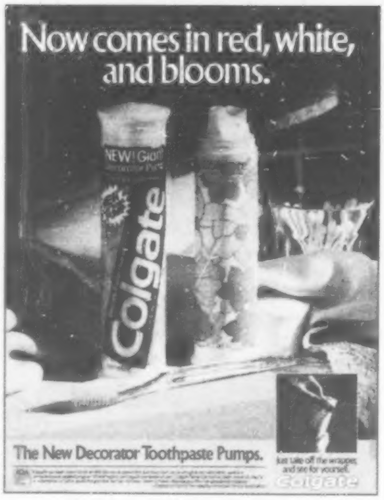
Crest is not shy about tying its claims to the dentist's chair.

Colgate

A couple of years ago, Colgate almost succeeded in overtaking Crest in the share game but was thwarted by eleventh-hour product introductions at P&G. It's an odd spot to be in for the company that is the world leader in toothpaste sales, with a 33% share, according to analyst Segalas.

Despite the funny, award-winning ad depicting workers building a huge wall of tartar in a giant mouth, Colgate Tartar Control didn't blast off à la Crest when it was introduced in September 1986. The brand's overall share still lingers in the 23% range. But Colgate's latest advertising shows it to be fighting mad. A battle of the tartar-control titans has taken shape.

Last April, Colgate began an ad campaign from Young & Rubicam that proclaimed its tartar-control formula to be up to 4.5 times better than Crest's at controlling tartar, according to studies. Though the two brands use identical anti-tartar agents, Colgate says its product has an extra ingredient that keep those compounds in the mouth longer. Colgate also blasted Chesebrough-Pond Co.'s Aim and Close-Up brands in separate ads. Colgate maintains there is no proof either toothpaste inhibits the accumulation of plaque and tartar.


Now comes in red, white, and blooms.
Colgate
The New Decorator Toothpaste Pumps.
Colgate

Even the dispensers are open to line extensions.

According to one industry study, Colgate users tend to skew slightly older than Crest's, and like its rival, it is used almost equally by men and women. Spending against this brand topped $23 million in 1986, according to LNA. Spending through September in 1987 was $23.6 million, the majority going to network television buys.

Currently, Colgate is running some ads in women's service books promoting a line extension of a line ex-

Colgate almost toppled Crest a few years ago, but P&G beat them back with a barrage of new products.

TOOTH
PASTE

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REMOVES PLAQUE
WITH PROPER FLOSSING AND BRUSHING
More than cavity protection: triple protection
SEE YOUR DENTIST
Beecham

The fun stripes have given way to health claims in the Aqua-fresh pitch.

tension, "the new decorator toothpaste pumps," which are floral patterned. In 1987, Colgate ran print ads in books including *Family Circle, Health, Forbes, People* and *Modern Maturity*. One of its more eye-catching ads ran in *Reader's Digest* and was designed to look like an advice column on dental care.

Aqua-fresh

Beecham Group's Aqua-fresh has been through such different incarnations, it's hard to keep the brand's image clear. Not too long ago, this toothpaste's stripes were ballyhooed in its advertising, making it seem like a sort of kid's toothpaste for adults. And last year, Aqua-fresh was repositioned as a plaque-fighting brand.

But Beecham has held onto its third-place position in this tight market for some time, its share currently in the 11-12% range. "The brand is quite vital right now," says Maurice Kelley, vice president of marketing services at Beecham. One reason the brand stays strong: "We promote virtually every month." Despite the category's maturity, he explains, toothpaste is extremely "promotion sensitive," due to the high rate of repeat buying.

Studies show that while people do form toothpaste-brand loyalties, they are willing to swing among two or three brands, depending on price. Aqua-fresh promotions include coupons — both direct mail and newspaper inserts — trial-size tubes for under 50¢ and two-for-one sales on regular tubes. Kelley says the brand will be promoted in conjunction with other companies' products in the future.

With its repositioning, Aqua-fresh went to a new "case history" style ad campaign from Grey Advertising last year. The brand's main target audience is mothers with teens and younger kids, so the ads feature teenagers and talk about how even someone with no cavities can develop gum disease.

Even though the brand has been repositioned, the pitch straddles the cosmetic/therapeutic fence, says Kelley. "We have the ADA seal for fluoride, but we also have the stripes, which make us unique and put us more in the cosmetic category," he explains.

Ninety percent of Aqua-fresh's budget goes for network tv, cable and syndicated shows, he says. Spending for the toothpaste in 1986 totaled just over $8 million, according to LNA. That was boosted to the $12 million level for the first nine months of 1987. But, as Kelley points out, that missing last quarter is the peak one, because new shows debut. The brand does little print advertising, but he says the company may reassess its use of print in

"...and that's McNulty.
He thought he could cover Orange County
with an L.A. newspaper."

The Orange County Register reaches 58% more daily readers in Orange County than the L.A. Times.
(Scarborough's 1987 Newspaper Ratings Study)

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the near future.

Beecham does its own national broadcast buying. Tv advertising for Aqua-fresh cuts across the board and includes shows such as *Dolly Parton, Dynasty, Head of the Class, Jeopardy, Geraldo* and daytime soaps. Some spots even appear occasionally on NFL football games, because another Beecham product, Aqua Velva, is pushed heavily during those telecasts.

Aim and Close-Up

Last June, when Unilever NV folded Lever Brothers' health and beauty aids brands into recently acquired Chesebrough Pond, its Aim and Close-Up brands went along as part of the arrangement.

But the organizational shift didn't seem to affect the roll-out last year of three new line extensions: Extra-Strength Aim, Anti-Tartar Aim and Close-Up Tartar Control. It also didn't seem to stop Aim, in its Extra-Strength ads via SSC&B:Lintas Worldwide, from going on the offensive against Crest and Colgate. Launched last spring, the ads claim Extra-Strength Aim has 50% more fluoride than most dentifrices and specifically attacks the market leaders.

This new Aim was primarily advertised on network tv in daytime and prime-time slots. It also received a healthy amount of print support. Some of the titles used include: *Family Circle, Parents, People, TV Guide* and *Working Mother*. Aim Regular print buys, the company says, target women 18-49 years old. Ad dollars were in the $6 million range for the first nine months of last year, according to LNA.

NEW
Aim
NEW
CLOSE-UP
TARTAR CONTROL

Aim and Close-Up entries keep up with the times.

New Anti-Tartar Aim, which bills itself as both a tartar-control and cavity-fighting paste, is largely supported with print advertising targeting women 25-54 years old. Spending came in at under $1 million for the January through September 1987 period, according to LNA, for ads that pushed Anti-Tartar Aim as both a cavity fighter and tartar tamer. Print buys included *American Health, Better Homes and Gardens, Family Circle, McCall's, Reader's Digest* and *Woman's Day*.

The entire line of Aim toothpastes, including the gel, received about $9 million in the first three quarters of '87. In 1986, the gel received the bulk of ad support, coming in at $9.5 million for the year. The brand is currently ranked fourth in the market with a 7% share.

Chesebrough's Close-Up brand is a close fifth, with a 6% to 6.5% share, according to industry observers. While Aim's market skews to mothers with young children (for use by both), Close-Up's market tends to be younger, averaging in their early 20s, single and not as highly educated.

Most of the big toothpaste brands have consumers in a range of demographic niches. Close-Up's may be a bit more skewed, though, because its pitch is still fairly narrow. Despite the fact that recent ads from J. Walter Thompson warn "Tartar isn't sexy," they still stress the cosmetic benefits the paste yields: "Want love? Get Close-Up."

Unilever spent $7 million on the Close-Up brand in 1986, compared to $8 million through the month of September in '87. Most of that went to network-television buys, but print expenditures ranked second. In line with the brand's demographics, print buys have included *Cosmopolitan, People, Rolling Stone, Soap Opera Digest, The Star* and *TV Guide*.

MOUTHWASH

Listerine

Listerine is in close competition with P&G's Scope, but Warner-Lambert sees the trends falling its way.

Listerine, Warner-Lambert's 107-year-old brand, didn't start out as a mouthwash per se but as a general-use antiseptic. The brand was named for Dr. Joseph Lister, father of modern antiseptic surgery, and was found to work well on cuts and burns. The consumer was welcome to rinse his mouth out with it too.

Presently, it's in close competition with P&G's Scope. Listerine dominates the market with a 28% share, with Scope trailing it by only two or three share points. But, boasts Lynne Millheiser, senior product manager, "1988 will probably be one of its strongest periods ever."

Quite possibly she's right. Last June, the brand earned the industry's Oscar: the coveted American Dental Association Seal of Acceptance as an anti-plaque aid. Listerine is the first mouthwash to earn the title, and it should prove to be a sharp marketing tool. "It's a breakthrough position," explains Millheiser, "and we intend to heavily promote that."

Listerine tends to cover a wide consumer base but has shown more strength in the middle-to-older age range. Millheiser says the brand is beginning to capture a younger audience, however, with all the talk of gingivitis. "We're giving them a reason to bear with the Listerine taste," she chuckles, referring to the "mediciney" tang other advertisers mock.

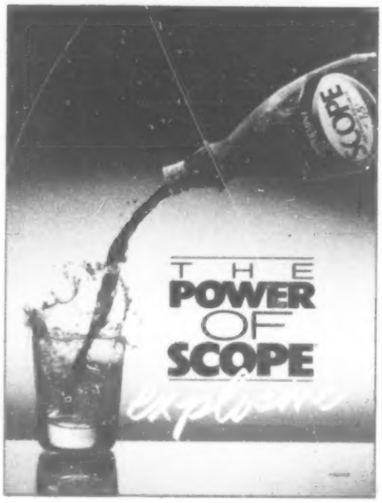
With its ADA coup, the company

launched what will be a 16-month "education effort" for both consumers and dentists. It ran advertorials in consumer books and, for dentists, ads in trade journals, conducted a telemarketing campaign and showed up at dental conventions. In early March, says Millheiser, a new general advertising campaign began picking up on the anti-plaque theme the company's been with since 1983 but newly emphasizing the ADA seal.

In 1987, Warner-Lambert spent between $15 million and $17 million on the brand, she says, and "there will be a substantial increase" in 1988. Listerine is pitched primarily on tv in daytime, news and prime-time slots. Spanish-language tv also is used. Practically no print ads were used last year, though one did run in *Good Housekeeping*. Some ad dollars went to radio spots, where the brand pitches mostly to black consumers. The account is with J. Walter Thompson.

Scope

Though Procter & Gamble has pushed the Crest brand name into the mouthwash arena, Scope is its juggernaut in this industry. Early in '87, the company launched a peppermint Scope, a move that revived interest and expanded its share slightly.



Scope targets older users and is most popular in Southern states.

According to Mediamark Research, one quarter of the mouthwash users account for over half the volume sold. Heavy users in general tend to be in their 60s, not college educated and earning less than $10,000 per year, according to Packaged Facts. In addition, many live in the South and are black and tend to live alone.

With a consumer base similar to that, Scope targets older people and is popular in Southern states. In 1986, the brand received $15.3 million in ad support, according to LNA, 64% of which went to network-tv buys. For the first nine months of '87, the brand received $13.7 million in ad support.

Scope's advertising, handled by D'Arcy Masius Benton & Bowles, pitches it as a cosmetic rinse and dwells on the product's taste. Scope also ran print ads in *American Health, Good Housekeeping, Newsweek, People, Reader's Digest, TV Guide* and *Woman's Day* in 1987. As of this writing, new print and broadcast campaigns are expected from the agency.

Listermint

The battle for share in the lower echelon of contenders is very tight. Currently, Warner-Lambert's Listermint

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Listermint "straddles" cosmetic and health claims.

brand, introduced nationally in 1976, holds a market share of 10%.

"Despite all the therapeutic emphasis in marketing, probably 80% of people buying washes use them for their breath," says W-L's Lynne Millheiser. "It's still a breath battleground."

This is where Listermint comes in. Warner-Lambert, like most large mouthwash marketers, isn't about to kiss off the cosmetically inclined consumer. Pitched along more cosmetic lines than Listerine, the company nevertheless considers its positioning "a straddle," because it pushes the product's fluoride content. Aside from stressing fresh breath, Listermint's advertising takes a therapeutic turn when it talks about how a person's gums recede as they age, exposing a tooth's roots to host of problems. The agency is J. Walter Thompson.

The brand was supported with $7.9 million in advertising in 1987. Most of that was spent on television, a bit on radio and none on print. Millheiser says the brand will receive a minor boost in dollars in 1988. The target market is young adults, evenly divided male/female.

Signal

Signal, marketed by Chesebrough-Pond, holds a market share in the 7% range. Though the brand is currently doing little advertising, according to a spokeswoman, expenditures for the first three quarters of 1987 totaled $3.3 million. Signal's agency is BBDO Worldwide.

One market study shows the biggest portion of Signal's market are young, single college-educated women.

Act

"We don't consider Act to be a mouthwash," says a spokeswoman for Johnson & Johnson's Dental Care Co. division. "We think of it as a fluoridated, anti-cavity dental rinse." While that's quite a mouthful, it certainly makes it plain that J&J is pushing Act as a therapeutic product.

But at a time when everyone is jumping on the anti-plaque/tartar bandwagon, J&J is adamant that it does not want to be seen as making any such claim. It uses fluoride in its product to fight cavities — period. Echoing the sentiments of many dental-health ex-

J&J's Act is not about to make questionable claims.

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So help America keep its competitive edge with a gift to the college of your choice—and you'll know you've done your part.

Give to the college of your choice.

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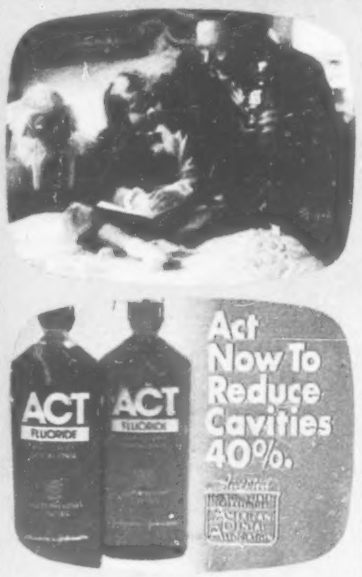


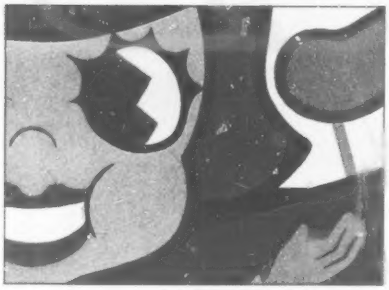
Act focuses its pitch on one theme: cavity prevention.

perts, J&J says studies prove only a "preventative tool," like flossing, can control plaque and tartar. "Just swishing something around in your mouth isn't going to work," explains J&J's spokeswoman.

Act, on the market since 1982, is close to Signal in market share. Its advertising targets kids and adults and highlights studies that show using Act reduces cavities 40% more than just brushing your teeth. It also focuses on Act's packaging gimmick, the "squeeze meter."

The company, which LNA says spent $3.1 million against the brand in January through September 1987, recently gave the Act account to Cadwell Davis Partners. The bulk of its '87 media dollars went to network television.

Since 1986, the company has had a very aggressive promotion and public-relations program. For example, J&J sponsors Dental Health Month, a big annual event in the oral-hygiene-products industry. It also sponsors National Senior Smile Week, during which it encourages pharmacists to push J&J's dental products to their older customers. The company also promotes to children around Halloween. Schools receive trick-or-treat bags filled with product samples and coupons, and in some locations, dental-health professionals come in to give lectures. ■

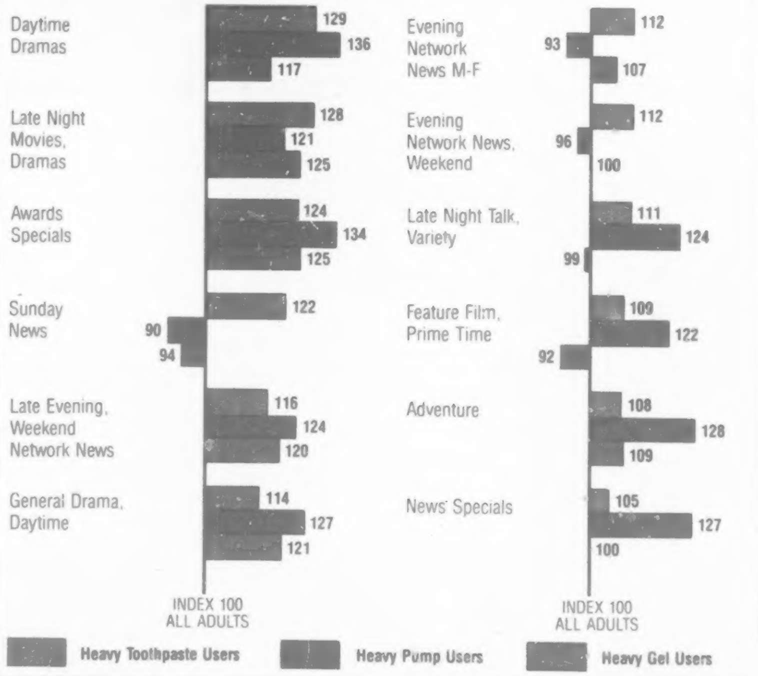


BRAND REPORT INDEX

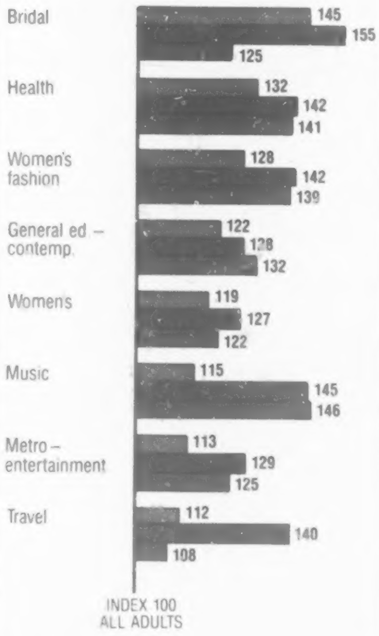
TOOTHPASTE & MOUTHWASH

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

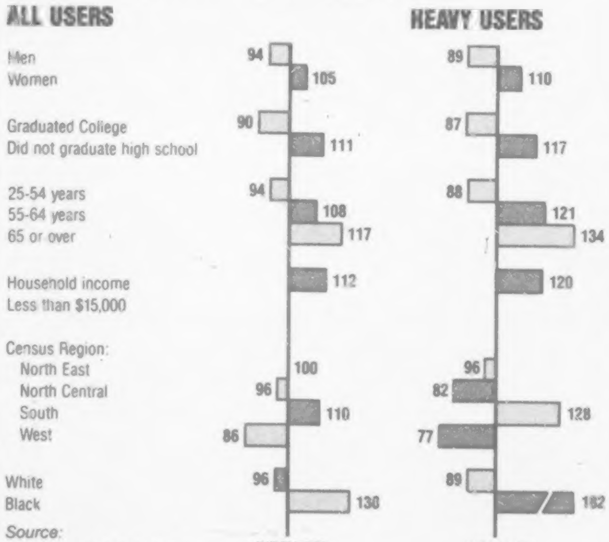
TV PROGRAMS WATCHED Among Heavy Toothpaste Users



MAGAZINE TYPES READ Among Heavy Toothpaste Users

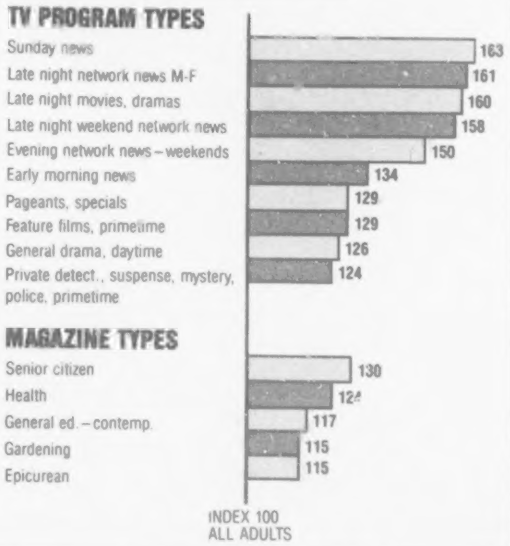


KEY DEMOGRAPHICS: MOUTHWASH USERS



Source: Mediamark Research Inc., Spring 1987

TV PROGRAM TYPES AND MAGAZINE TYPES Among Heavy Mouthwash Users



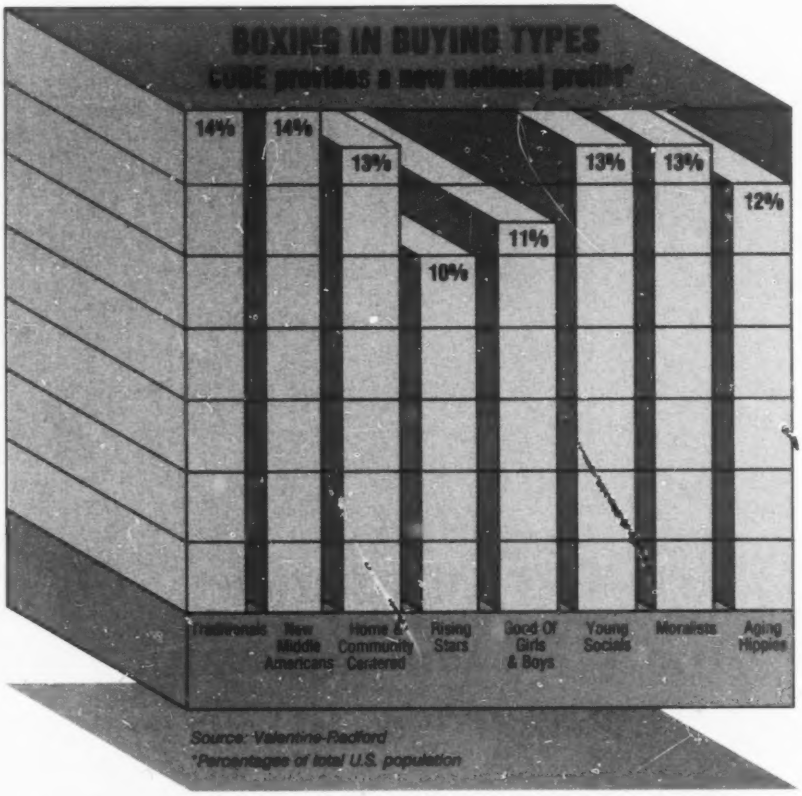
TOOLS OF THE TRADE

by Wally Wood

VALENTINE-RADFORD'S CUBE CONCEPT

"You can't just lump all 25-to-49 year-olds into one group," says Jim Merrill, research manager at Kansas City-based research firm Valentine-Radford, when weighing the value of demographic measures.

"Geodemographics may be better," Merrill admits, "but you also can't just lump two 41-year-old college graduates with managerial/professional jobs into one group simply because they happen to live next to each other."



BOXING IN BUYING TYPES

CUBE provides a new national profile*

Source: Valentine-Radford

*Percentages of total U.S. population

Merrill thinks he has a better idea. Ten years ago, when he was a doctoral candidate, he began looking at the way people made decisions as a basis for segmenting population. "Early in our childhood development, we all find ways to solve problems," he says. "We get comfortable making decisions in a certain way. These habits stay the same, whether we are buying a home or box of cereal, shopping for an accountant or a health-insurance plan."

With this as a base, Merrill's theories now have been put to work. Susan Spaulding, vice president, research director at Valentine-Radford, explains that her firm has taken Merrill's concept and packaged it under the name CUBE — Comprehensive Understanding of Buyer Environments.

Under CUBE, the population is segmented into eight groups identified by Merrill in his studies. To determine these groups, Merrill relied on what he sees as the three key dimensions to how people make decisions:

How people control their circumstances. Either they take control or they yield control. "Take-control" people create their own rules; they actively look for better solutions to problems. "Yield-control" people follow the rules that exist; they depend on the environment to tell them what is appropriate.

How people act. "Act-first" people prefer to jump in, make a decision and worry about the consequences later. "Think-first" people tend to solve problems independently, exploring different possibilities before making a decision.

How people judge information. "Fact-based" people are objective thinkers; they judge information on what they can see, feel and touch, and they are very concrete and businesslike in the way they use information. "Feeling-based" people judge information on how it makes them feel. They tend to see things as good or bad, happy or sad, beautiful or ugly.

These resulting six variables led to eight distinct consumer segments with individual profiles.

Traditionals (yield-control, act-first, fact-based) are, according to Spaulding, down-to-earth, practical, conventional and sociable. Compared with other groups, they are somewhat older, have lower education and income, attend church often, give or go to dinner parties and play cards. More people in this group than in others watch televised sports; they also prefer "golden oldie" and big-band music.

The New Middle-Americans (take-control, act-first, fact-based) are very sociable, achievement-oriented and concerned with living standards. Compared with the other groups, they are somewhat younger and better educated, with higher family incomes and fewer children. They give and go to parties, fly on business trips, like light rock and oldies from the 1960s.

Home- and Community-Centereds (yield-control, think-first, fact-based) are conventional, prim, proper and not gregarious. This group is somewhat older and better educated than some, has higher income, more males and a higher percentage of widowed and divorced people. They rank low on most out-of-home activities except golf.

Rising Stars (take-control, think-first, fact-based) are intellectually curious but not socially gregarious; they are socially conscious, have the highest income and education and the most professionals, entrepreneurs, males, singles and blacks. They attend museums, galleries and concerts, use the library and read books, and they exercise. This group is more inclined than others to watch public television and listen to classical music.

Good Ol' Girls and Boys (yield-control, act-first, feeling-based) are practical, down-to-earth, no-nonsense and sociable, yet cynical. The group has children in school, consists of many blue-collar employees, retired persons and women. Members also write the most letters and send the most greeting cards. They do volunteer work and gardening, watch soap operas and game shows and listen to country-and-western music.

Young Socials (take-control, act-first, feeling-based) are outgoing, warm, intuitive, have low self-control — if it feels good, do it — and tend to be younger and less completely educated than other groups. They have higher family incomes, and there are more females, health/social workers and secretaries in this group. They attend the most fitness classes and club meetings, go to rock concerts and listen to hard rock.

Moralists (yield-control, think-first, feeling-based) are older than others, have less education and lower income. They do the most gardening and do-it-yourself work, and they attend church, watch religious programs on tv and listen to religious music.

Aging Hippies (take-control, think-first, feeling-based) are sensitive, fanciful, unrealistic and imaginative. They are somewhat younger and better educated, with diverse occupations; they exercise most often, read the most books, visit galleries and museums, watch public tv and listen to jazz and folk music.

Spaulding says CUBE uses an ongoing, nationally representative sample of 2,000 adults, 18 years and older, to define these segments. The survey results are projectable to the U.S. population, with a measurement error of no more than 2.2% at the 95% confidence level. The CUBE segments range from 10% to 15% of national population; measured by product usage, however, a given segment might represent more or less. "One of the ways to use CUBE is to prioritize that primary audience," says Spaulding, "and then look at the secondary audience and develop a product that will increase usage among these people."

> **While most of the CUBE research has focused on consumer behavior, Spaulding feels the concept has b-to-b potential when applied to the person within a company who has buying authority.**

Blue Cross and Blue Shield of Kansas City has commissioned Valentine-Radford to conduct a CUBE survey to identify new health-insurance markets. "It will help us determine not only how consumers make purchasing decisions," says Christine Hille, director of corporate communications at Blue Cross, "but also how satisfied they are with their insurance coverage, including options offered by employers."

Hille hopes CUBE will help Blue Cross and Blue Shield become more efficient marketers by showing the effect of its advertising on consumers and by pinpointing purchasing patterns, media preferences and market segments.

Spaulding says that if an advertiser researches a product category — all the different brands' usage, satisfaction levels and consumer attitudes behind their brand choices — he will see his product's strengths and weaknesses, as well as those of his competitors. "You ought to be able to see pretty quickly opportunities in terms of where you might fill in gaps or take offensive or defensive measures," she says.

CUBE costs $20,000 a year, for which a marketer receives three reports and a promise that Valentine-Radford won't sell CUBE to a close competitor in the category. The reports include a segmentation report (psychological profiles of the eight segments, activities, media usage, demographic and geographic distribution); a product and brand usage report (the level of usage and brand usage in the subscriber's product category as well as differences among the segments); and an outlook report (general social and economic attitudes with an eye on what you might expect for the coming year — plus who's watching the new fall tv shows).

While most of the CUBE research has focused on consumer behavior, Spaulding believes that CUBE may be relevant to business-to-business marketing. "We're getting ready to do a custom CUBE for one of our clients right now," says Spaulding. "Their particular prospect is a business person — a finance manager or benefits manager or operations manager — someone within a company. We intend to profile those people, because they make their purchasing decisions the same way they do in their personal lives."

Or that's the assumption. Says Spaulding of this latest theory, "That's what we're testing."

ECONOMIC EYE

TV'S AUTO DOLLARS

TvB and BAR report new car and truck tv-ad investments added up to $2.45 billion in 1987, a 17.7% increase over 1986. Spot took top honors with $1.14 billion, +24.8%; net was $932.5 million, +13.0%; and local dealers kicked in $371.4 million, +9.6%, in the top 75 markets.

MAGAZINE AD SCORECARD	Ad Pages Feb. 1988	% change from Feb. 1987	Dollars spent (000)	% change from Feb. 1987
1. Skin Care, Creams, Lotions and Oils	216.85	+14.8%	$ 8,017.7	+24.8%
2. Lip and Eye Beauty Products	99.01	+34.6	3,803.9	+53.4
3. Scents and Fragrances	74.00	−21.0	2,021.1	−3.1
4. Facial Makeup Products	100.24	+30.6	3,581.4	+27.6
5. Prepared Dinners and Entrees (including Pizza)	53.89	−6.5	3,524.1	+21.6
6. Liquor	209.79	−6.6	10,007.8	+15.0
7. Cigarettes	513.23	−14.7	29,692.0	−1.1
8. Soaps and Detergents	34.74	+55.9	2,238.0	+60.5
9. Passenger Cars, Domestic	600.24	+62.2	37,227.6	+79.8
10. Passenger Cars, Imported	690.71	+68.5	29,945.4	+57.3

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100

1987

	May	% change	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change
Network TV																
Daytime	92	−6	95	−1	98	−5	85	−11	83	−11	97	−6	91	−8	82	−4
Nighttime	110	+6	112	+3	109	+2	113	+5	106	−0	110	+6	115	+8	111	+2
Spot TV																
Prime time	136	+14	130	+9	138	+10	126	+4	124	+18	123	+3	123	+6	123	+6
Daytime	118	+8	104	−1	108	−4	117	+7	102	+3	112	+2	113	+2	105	±0
Network radio	116	+2	114	−1	102	−0	104	−1	106	+2	122	+6	112	+6	106	+6
Spot radio	98	+3	—	→	←	—	103	+5*	—	→	←	—	112	+9	—	→
Consumer magazines	109	+3	109	+3	109	+3	109	+3	109	+3	109	+3	111	+4	113	+5
Natl. Sunday mags	103	+11	103	+7	103	+7	113	+7	118	+14	106	+12	106*	+12	106	+12
Business publications	111	+5	111	+5	111	+5	111	+5	111	+4	112	+5	113	+5	113	+5
Newspapers	116	+8	116	+7	115	+7	115	+7	115	+7	115	+6	115	+6	116	+7
Outdoor	114	+6	114	+6	114	+6	114	+6	114	+6	118	+12	118	+12	118	+12

Notes: Percentage shown is relative change from the same month/period the year before.

1985 = 100

* Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

SPECIAL REPORT: THE BUSINESS PRESS

5/10/88

C2950-3

MARKETING & MEDIA DECISIONS

MAY 1988 • $4.00

In Chicago, NBC's Bob Blackmore (right) breaks bread with Burnett's Bill Hadlock over network television's buying season.

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0711 00161361 41 93 000000
GREG CHRIS B035
CONGRESSIONAL INF SVC B001
4520 EAST-WEST HWY #800
BETHSEDA MD 20814

SERVING UP THE UPFRONT

P-O-P RADIO

PLANOGRAM PLOYS

MARKETING & MEDIA DECISIONS

COVER STORY

SERVING UP THE UPFRONT 36

Advertisers, agencies and network sellers are at the table whipping up the ad buys for the coming season. The frantic pace is likely to give more than one player indigestion. To ease the course, *Decisions* provides a complete daypart-by-daypart menu of the network television marketplace.

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AAF/AAP STUDY

May 1988, Vol. 23, No. 5

Cover photo, The Plaza Club: Michael Abramson

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LETTERS

PEOPLE METERS' FULL POTENTIAL

Ed Papazian is correct in his assertion that the brouhaha over the people-meter ratings drop has overshadowed more promising uses of the new measurement technologies ("As They See It," February 1988, pg. 47).

Though television executives are quite right to insist on the accuracy of any new form of measurement, they should also realize that, as audience erosion and fragmentation continues, credible qualitative demographic and other information provided by new methods can be a weapon against other media. It can also serve as a way to support pricing of some programs even when gross audience figures decline.

To be sure, this is a two-edged sword (I would love to see the movement-sensor's results during the *Tonight Show*, given the kind of "restlessness" purported to occur at that hour). But the new technologies are here to stay, and smart business people — buyers and sellers alike — will learn to use them effectively.

Douglas S. Dworkin
Sales & marketing consultant,
New York

TOO MUCH!

Weally, a tween market? How wascaly of our marketeers to come up with yet another wonderful segmentation of conswumers. And, sadly, how weally widiculous. Will pre-tweens, mid-tweens, post-tweens and over-tweens follow?

Alan Shirk, "Weading," Pa.

CABLE-TABLE CONNECTION

The chart that accompanied our April cable report mistakenly shows cable penetration percentage figures as total numbers of cable households. This chart presents the real household numbers in millions. Our point still stands: National advertising investments in cable have far outpaced the industry's penetration progress.

CABLE SUBSCRIBERS AND NATIONAL ADVERTISING DOLLARS

	Cable Subscribers (millions)	Year-to -year % Gain	Nat'l Ad Revenues (millions)	Year-to-year % Gain
1980	17.7	–	$ 50	–
1981	23.2	31.1%	105	110%
1982	29.3	26.3%	195	86%
1983	33.8	15.4%	331	70%
1984	37.3	10.4%	486	47%
1985	39.9	7.0%	612	26%
1986	42.2	5.8%	740	21%
1987	45.0	6.6%	883	19%

Source: Cable Television Advertising Bureau; Paul Kagan Associates

UPFR

COVER STORY

LET THE SEASON BEGIN

by Joe Mandese

It begins in a genteel enough fashion. Early in spring, there are lots of friendly lunches in chic eating establishments. The conversations are polite and low-key, but the niceties mask what is really going on. The Denizens of the Upfront have begun their dance. The powerful two-step starts over servings of grilled salmon and baby asparagus as buyer and seller casually circle each other in an attempt to size up the impending network television marketplace.

The annual rite builds momentum throughout the spring and then, sometime in late spring, voila! The networks unveil their new prime-time schedules and the official countdown to the upfront buying season begins. The Denizens of the Upfront break into a frenzied bugaloo that ends with roughly two-thirds of commercial time for the new tv season signed on to buyers' dance cards.

That, give or take a hundred little intricacies, is how the yearly, network-tv selling game is played out. Though it may seem a very off-hand way for billions of dollars in network time to change hands, there are a few rules to the negotiations . . . some written, most not.

THE RULES OF THE GAME

"It drives our friends in the legal department crazy," says ABC senior vice president and national sales manager Marvin Goldsmith. "You should see the look on our auditors' faces when they come in to look at our books," adds DDB Needham senior vice president and director of national radio/tv programing Bart McHugh.

What astonishes the lawyers and accountants is how so much money can change hands with so little paperwork to show for it. Virtually all of the multi-million dollar deals the networks cut with advertisers during upfront are done with a handshake and a smile. Signed contracts are almost unheard of in the business. But what really makes this process wild is that each deal is unique and carries its own mix of options and guarantees.

But this is getting a little ahead of the story. For all practical purposes, the buying process doesn't really begin until advertisers release their network tv budget guidelines to their agencies — usually in April and May — which is just before the networks make their schedule announcements. Agency planning departments then set rough buying goals in terms of audience targets and gross rating-point (GRP) levels and may even make some specific programing requests. The planners also decide how much money goes to each network daypart.

The planners, however, often must fine-tune their mix based on the realities buyers encounter during the negotiating process. In a soft marketplace, buyers may be able to gain bonus weight for their clients or simply save them some money. But when things are in more of a squeeze, agencies might have to pinch clients for additional monies to achieve their planning goals.

Before any money is committed,

ONT

network account executives and agency buyers negotiate a package of programs. While some advertisers might prefer to buy a package of hits such as *The Cosby Show* or *Moonlighting*, the networks rarely sell these shows without throwing a few new or struggling series into the deal. "The networks won't sell us all of their scotch, or else they won't be able to get rid of their rum," is how DDB Needham's McHugh explains it.

Once a package is set, the real stuff begins: haggling over pricing. And that can vary substantially depending on other conditions of the buy, like ratings guarantees and order-cancellation options.

One of the main reasons advertisers commit to upfront time so far in advance of the television season is because the networks offer ratings guarantees for such deals. So-called, short-term "scatter" buys made during the season generally are not similarly covered. However, a buyer who is willing to make a deal without guarantees or cancellation options can win in other ways; namely price concessions. "If you are willing to yield on these points, you can probably get a better going-in deal than the guy who does not," explains John Sisk, senior vice president and director of network negotiating at J. Walter Thompson. "For each thing you give up, there is something you get in return."

Once a deal is set, the network puts it on "hold" and allows the agency about a week to go over the buy with their client before making a commitment. No money actually changes hands until the commercial time airs and the networks invoice the order.

MICHAEL ABRAMSON

Today's special: a complete à la carte guide to the network tv buying season.

With these few rules in mind, we offer our own preview guide to the 1988-1989 upfront marketplace.

PRIME TIME

The main course in the upfront is prime time. More money is spent here than in any other daypart, and it sets the beat for most other negotiations. If the prime marketplace is strong, news, late-night, early morning and, to some extent, daytime will benefit from the spillover of dollars to these lower-priced inventories.

In 1987, combined network prime-time revenues totalled nearly $4 billion, up from $3.7 billion in 1986, according to Broadcast Advertisers Reports. Number-one-rated NBC led in dollar sales with a 43.5% share of the 1987 pie, followed by CBS (29.4%) and ABC (27.1%).

Unlike other dayparts, prime time is sold too broadly to be influenced by the vagaries of particular categories or brands, but overall spending appears to be on the upswing. Only one of the top-10, prime-time advertisers cut spending in 1987. Procter & Gamble reduced its budget 16% to $110.7 million.

Seven of the 10 leading prime-time categories upped their spending in 1987. Restaurants, already the number-one prime-time category, increased its spending the most, up a whopping 15.3% to $367.1 million.

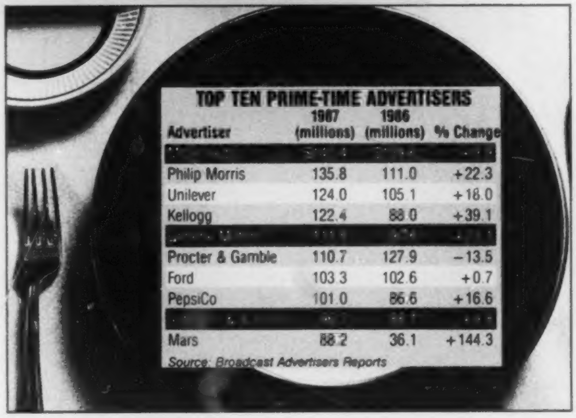
Hot categories on the rise include cereals (+60.1% to $200.9 million), pet foods (+31.7% to $92.6 million) and dental products (+25.8% to $71.7 million). Rapidly emerging smaller categories include telephone companies (+100.6% to $35.9 million), meats/poultry/seafood (+95.9% to $33.1 million) and fruit juices (+95.3% to $29.3 million).

Pricing for the 1987-88 season rose in the solid double-digits during last year's upfront when demand proved strong due to a record number of new-to-upfront advertisers. According to sources, the number of advertisers who bought upfront last year increased to about 225 from about 115 the year before.

While some dispute those numbers, it is clear that many traditional scatter advertisers moved into upfront and many usual upfront buyers moved a greater share of their budgets into the marketplace last year. Why? Because most buyers decided that in the year of the great switch-over to people meters, it was better to get a guaranteed deal than live with uncertainty.

ADAM CHINITZ

Clockwise from JWT's Larry Grossberg, with bat: CBS's Duncan Ryder, JWT's Sisk, CBS' William Cecil.



TOP TEN PRIME-TIME ADVERTISERS

Advertiser	1987 (millions)	1986 (millions)	% Change
[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris	135.8	111.0	+22.3
Unilever	124.0	105.1	+18.0
Kellogg	122.4	88.0	+39.1
[illegible]	[illegible]	[illegible]	[illegible]
Procter & Gamble	110.7	127.9	−13.5
Ford	103.3	102.6	+0.7
PepsiCo	101.0	86.6	+16.6
[illegible]	[illegible]	[illegible]	[illegible]
Mars	88.2	36.1	+144.3

Source: Broadcast Advertisers Reports

To what extent people meters will play a role in 1988-89 negotiations remains to be seen. Some think that the trend of the meter data is steady enough so as not to rock the upfront boat this year. But others disagree strongly. "We don't know yet how people meters are going to affect the repeat season," points out an exasperated Steve Grubbs, who is BBDO's senior vice president and director of national television buying.

Moreover, he notes that Nielsen is expanding its meter sample from 2,000 to 4,000 households this fall, which could put an entirely different complexion upon ratings projections. At the same time, it will turn over half of its original sample, meaning that three-quarters of the Nielsen Television Index will be composed of new households this September.

These question marks could drive an above-average amount of prime-time dollars into guaranteed upfront deals. But it appears that the networks will seek to modify this year's guarantees with the same kind of "shared risk" options they sought in last year's deals.

ABC, for instance, cut its 1987-88 upfront deals based on one of three upfront guarantee options. One called for splitting the risk of ratings under-delivery 50/50. Another provided no compensation until under-delivery exceeded 5% of the ratings guarantee. The third compensated for under-delivery from 0-5% of the guarantee but nothing over that.

"If you look at guarantees as insurance policies, we didn't insure all of the actual table," says NBC executive vice president of sales and marketing Bob Blackmore. He adds, "It is unlikely the networks will guarantee 100% of ratings projections until they are 100% confident of the ratings methodology." Answers BBDO's Grubbs, "Obviously it's not something we favored last year and it's not something that we will favor this year. It will be part of the negotiation."

It is a sore point because network prime-time ratings got socked hard by people meters. Household ratings were off about 11% through March 13, 1988 and ratings for key demographics also fell. Women aged 18-49 were off about 16%, women 25-54 were down nearly 19%, men 18-49 declined about 15% and men 25-54 were down about 17%.

While some of these drops are due to changes in sample and methodology, the results are generally considered to be more reliable than those of the previous system. Indeed, Bozell, Jacobs, Kenyon & Eckhardt vice president and manager of broadcast research Steve Sternberg estimates only about one-third of the household ratings decline is due to people meters and that the rest is real network erosion.

While this depletion in the number of network rating points would appear to tighten the supply of network commercial GRPs, it has been partially offset by an increase in prime-time commercial inventory. The number of network prime-time spots increased 5.6% in 1987 to 57,043, due primarily to 15-second commercials.

"The key to upfront negotiations is demand, and the economy doesn't look like it's going anywhere positively," notes BBDO's Grubbs. By the same token, he says "It doesn't appear as though our clients' budgets are going to increase, so we are basically projecting that demand is going to be flat."

Another major player agrees with this assessment. "I don't think there will be the growth in budgets that we had a year ago," tells Willard Hadlock, executive vice president of media services for Leo Burnett. "The economy is always pretty good going into an election year and it's never as good coming out of one."

In fact, Bill Croasdale, senior vice president and director of network programing at Backer Spielvogel Bates, predicts that the upfront prime-time marketplace will roll back from the more than $3 billion spent last year to about $2.5 billion this year.

But no upfront buying season would be complete without a few wild cards. This year, people are speculating on how much money the Summer Olympics (which are actually taking place Sept. 17-Oct.2) will add to or take out of the marketplace. To date, NBC has sold about 75%-80% of its 179.5 available hours, 75% of which are in prime time. But buyers note that the remaining inventory may be the hardest to sell since major categories have already committed. Some believe NBC may have to package the Olympics with valuable prime-time inventory to move it.

If not from NBC's prime-time sales, others believe the huge Olympics advertising commitments will have to come from somewhere. Notes CBS vice president/sales Jerry Dominus, "NBC is sitting on an awful lot of very expensive inventory. They have the Olympics, the World Series and the Super Bowl. That's an awful lot of money to soak up."

Indeed, although fourth-quarter 1987 and first-quarter 1988 scatter markets were fairly strong, second-quarter sales were flat and many buyers believe that, despite the pressures of the Olympics and network election coverage, the third-quarter will not be too robust. And a soft scatter market could take the edge off upfront demand.

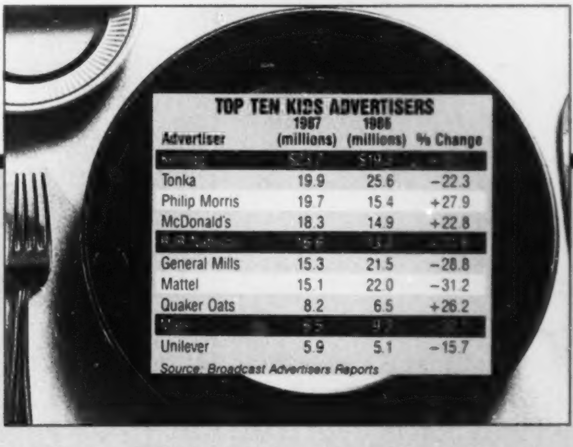
One final wild card for the 1988-89 prime-time marketplace is the Writers Guild strike, which could delay the start of the new season.

The networks, meanwhile, have set their schedule announcements: May 17 for Fox, May 18 for NBC, May 23 for ABC and June 2 for CBS. "We are telling our advertisers to be ready much faster this year because the [buying] window is going to be much smaller and the action could be very fast," cautions JWT's Sisk.

BETTING LINE: Both buyers and sellers are bracing for a particularly concentrated selling period. Given the history of upfront negotitions, the networks will try to generate a sense of buying urgency that will push demand up slightly above average, with prime-time rates up in the middle to upper single digits. "They'll try to generate a panic," cautions DDB Needham's McHugh. "If I find myself in the middle of June and I haven't bought anything yet, I may start to panic."

DAYTIME

Both buyers and sellers predict the action will be anything but fast for up-



TOP TEN KIDS ADVERTISERS

Advertiser	1987 (millions)	1986 (millions)	% Change
[redacted]	[redacted]	[redacted]	[redacted]
Tonka	19.9	25.6	−22.3
Philip Morris	19.7	15.4	+27.9
McDonald's	18.3	14.9	+22.8
[redacted]	[redacted]	[redacted]	[redacted]
General Mills	15.3	21.5	−28.8
Mattel	15.1	22.0	−31.2
Quaker Oats	8.2	6.5	+26.2
[redacted]	[redacted]	[redacted]	[redacted]
Unilever	5.9	5.1	−15.7

Source: Broadcast Advertisers Reports

KID STUFF

At press time, the upfront kids syndication marketplace was well underway. The most significant factor affecting kids buys continues to be the debate over how to interpret people-meter ratings for kids and what kind of guarantees to assign them.

Saturday morning network ratings for kids 2-11 have fallen about 30% since last season, and some of the blame is being attributed to people meters, with kids not pushing the right buttons. According to a Bozell, Jacobs, Kenyon & Eckhardt study, between one third and one half of the ratings fall-off is due to people meters, but the rest is seen as genuine erosion to other viewing alternatives such as home video.

While Nielsen recently released the findings of a telephone coincidental survey that indicated people meters accurately measure Saturday morning kids viewing, ABC's Marvin Goldsmith notes that the study surveyed parents about the viewing habits of their children, "which is the same argument people have about diary measurement of kids."

While the industry continues to struggle over the accuracy of the ratings, the networks are trying to move away from guaranteeing kids audiences. ABC said it will not guarantee on kids 2-11, and CBS and NBC were expected to follow suit. BJK&E recommends guarantees made based on households with children under 12, which come from the "passive" portion of the people-meter sample.

Meanwhile, ad demand appears to be waning in the $200 million network category. Upfront syndication prices were flat or up in the low single digits, and agencies expected network pricing to be in the same range. The market softness apparently stems from cutbacks among major toy manufacturers, who along with cereals dominate the category.

"There are no big-ticket toys to fuel advertising funds," notes Saatchi & Saatchi DFS' Mel Conner. "And when the toys aren't really pushing, then the market generally falls flat."

front daytime sales. "Daytime is going through a sad period," concedes CBS' Dominus. "As far as bargains go, if you want to reach a lot of people, you can't do it any cheaper than in daytime," adds Saatchi & Saatchi DFS senior vice president/director of network operations Mel Conner.

For several years, network daytime has experienced declining demand. In the early 1980s, demand for daytime tv peaked and prices rose so fast that daytime lost its relative value to other network dayparts. At the same time, daytime ratings began to decline as traditional female viewers joined the workforce or turned to other channels.

Meanwhile, the effectiveness of reaching daytime's remaining viewers is being challenged by buyers concerned with its rampant commercialization. With more than 12 ad minutes per hour (compared to about six in prime time), daytime always has had the heaviest commercial load, but :15s appear to have exacerbated the problem.

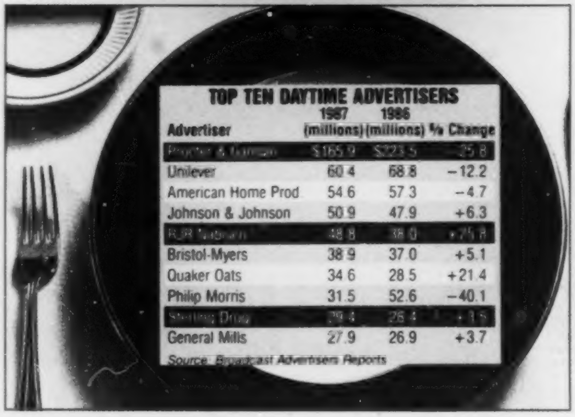
Although daytime generates less than half the revenue of prime time, it carries nearly three times the commercial load. In 1987, there were 153,460 daytime commercials on the three networks compared to 57,043 prime-time spots. "Fifteen-second commercials have made daytime television half as expensive as it used to be," notes William Esty executive vice president and media director Tom Winner. "And what that has done is take half the money out of the marketplace."

Of the $1.3 billion in 1987 network daytime advertising revenues, ABC had a 38.2% share, compared to CBS' 33.2% and NBC's 28.6%. Not coincidentally, ABC leads in share of the key daytime demographics, with 47% of women aged 18-34, 43% of women 18-49 and 42% of women 25-54.

However, all three networks are feeling the pinch of declining daypart revenues. Daytime ad dollars were down about 13% in 1987 from a 1986 total of $1.5 billion. While six of the top-10 daytime advertisers increased their spending modestly in 1987, leading-advertiser P&G slashed its budget about 26% to $165.9 million.

ADAM CHINITZ

Saatchi's Mel Conner gets some help from Helen Tocheff (left) and Liz Rosso.



TOP TEN DAYTIME ADVERTISERS

Advertiser	1987 (millions)	1986 (millions)	% Change
Procter & Gamble	$165.9	$223.5	−25.8
Unilever	60.4	68.8	−12.2
American Home Prod	54.6	57.3	−4.7
Johnson & Johnson	50.9	47.9	+6.3
RJR Nabisco	48.8	38.0	[illegible]
Bristol-Myers	38.9	37.0	+5.1
Quaker Oats	34.6	28.5	+21.4
Philip Morris	31.5	52.6	−40.1
Sterling Drug	29.4	26.4	[illegible]
General Mills	27.9	26.9	+3.7

Source: Broadcast Advertisers Reports

Many have shifted their dollars into other dayparts, such as early morning and late night, in an effort to reach working women. Some have diverted money into alternatives such as syndication, unwired networks and daytime cable.

"A lot of daytime advertisers lock up their syndication deals first," concedes ABC's Marvin Goldsmith. "We really believe the money for the syndicated shows comes out of daytime network dollars."

To see some daylight, the networks are busily trying to convince some users of other dayparts to move money into daytime. "So far there have been some modest experiments," notes CBS' Dominus, referring to network marketing efforts to get automotive advertisers into the daypart. Yugo has bought the concept and Hyundai is testing ABC's new *Home* show. Chevrolet and Isuzu are both said to be considering daytime trials. "Fifty percent of new-car purchase decisions are made by women," notes ABC's Goldsmith.

Other categories being wooed on the daypart include beers (specifically light beers), financial services and credit cards. Odds are that at least some of these advertisers will be tempted into the daypart by its relatively bargain pricing. Moreover, daytime ironically suffered the least among dayparts from people meters. Household ratings are flat between last year and this, and key demos have slipped only slightly.

BETTING LINE: If the networks manage to generate business from new categories, daytime pricing may hold steady at flat rates. Otherwise, weak demand and heavy use of :15s will cause pricing rollbacks.

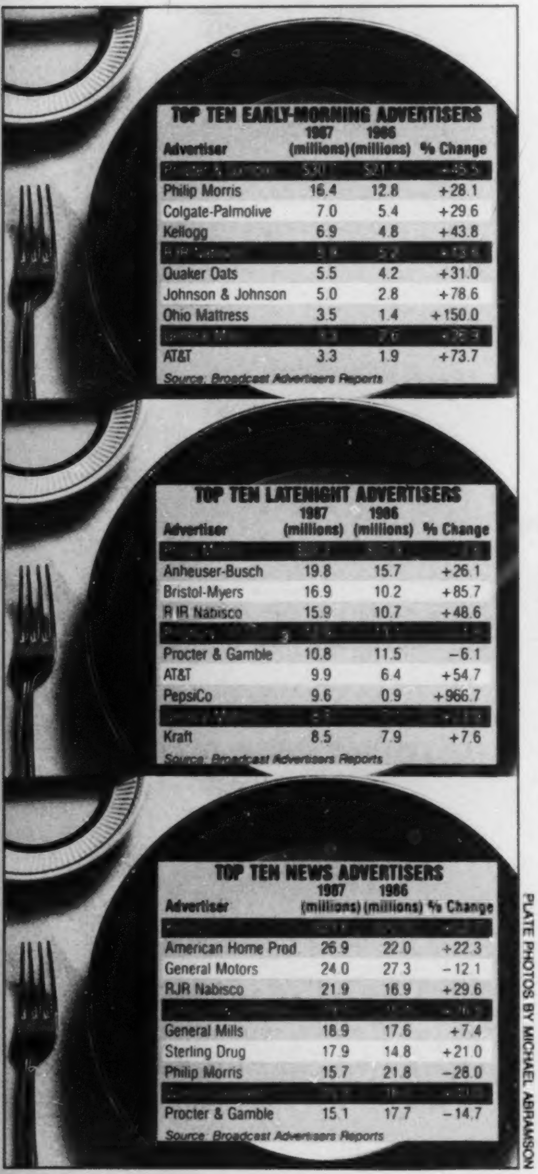
EARLY MORNING

With about 65% of women in the workforce, advertisers are following what they believe is a migration of these viewers to other dayparts, including early morning. Indeed, all of the top-10, early-morning advertisers have upped their spending significantly in the daypart and leading early-morning advertiser Procter & Gamble increased its 1987 budget 45% to $30.7 million. Of the $237.5 million placed on the networks in 1987, NBC had a 42.9% share, followed by ABC's 39.3% and CBS' 17.8%.

Particularly active categories in the daypart include dental products (+63.5% to $12.1 million), cold remedies (+78.0% to $10.5 million), fruit juices (+64.4% to $7.4 million), meats/poultry/fish (+96.2% to $5.1 million), dairy products (+178.6% to $3.9 million), laundry products (+116.7% to $3.9 million) and telephone companies (+150% to $3.5 million). Emerging categories include non-carbonated soft drinks, shampoos, corporate ads and stationary products.

However, early morning ratings have been dramatically affected by people meters. Household ratings are off more than 11% since last year. On a demographic basis, ratings for women aged 18-49 are off 14% and women 25-54 are down about 12%, but numbers for men 18-49 are up 11% and men 25-54 increased 18%.

BETTING LINE: The explosion of demand from advertisers seeking working women and the relatively small amount of network commercial inventory will send early-morning rates up in the high single-digit or low double-digit percentage range.



TOP TEN EARLY-MORNING ADVERTISERS

Advertiser	1987 (millions)	1986 (millions)	% Change
[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris	16.4	12.8	+28.1
Colgate-Palmolive	7.0	5.4	+29.6
Kellogg	6.9	4.8	+43.8
[illegible]	[illegible]	[illegible]	[illegible]
Quaker Oats	5.5	4.2	+31.0
Johnson & Johnson	5.0	2.8	+78.6
Ohio Mattress	3.5	1.4	+150.0
[illegible]	[illegible]	[illegible]	[illegible]
AT&T	3.3	1.9	+73.7

Source: Broadcast Advertisers Reports

TOP TEN LATENIGHT ADVERTISERS

Advertiser	1987 (millions)	1986 (millions)	% Change
[illegible]	[illegible]	[illegible]	[illegible]
Anheuser-Busch	19.8	15.7	+26.1
Bristol-Myers	16.9	10.2	+85.7
RJR Nabisco	15.9	10.7	+48.6
[illegible]	[illegible]	[illegible]	[illegible]
Procter & Gamble	10.8	11.5	−6.1
AT&T	9.9	6.4	+54.7
PepsiCo	9.6	0.9	+966.7
[illegible]	[illegible]	[illegible]	[illegible]
Kraft	8.5	7.9	+7.6

Source: Broadcast Advertisers Reports

TOP TEN NEWS ADVERTISERS

Advertiser	1987 (millions)	1986 (millions)	% Change
[illegible]	[illegible]	[illegible]	[illegible]
American Home Prod	26.9	22.0	+22.3
General Motors	24.0	27.3	−12.1
RJR Nabisco	21.9	16.9	+29.6
[illegible]	[illegible]	[illegible]	[illegible]
General Mills	18.9	17.6	+7.4
Sterling Drug	17.9	14.8	+21.0
Philip Morris	15.7	21.8	−28.0
[illegible]	[illegible]	[illegible]	[illegible]
Procter & Gamble	15.1	17.7	−14.7

Source: Broadcast Advertisers Reports

PLATE PHOTOS BY MICHAEL ABRAMSON

LATE NIGHT

Like early morning, late evening has benefitted from the perception that it is a good place to reach working women. But even more than that, its appeal for all young adults has really made the daypart fly. Of the $391.5 million advertisers spent in 1987, NBC — with it's coveted lineup of *The Tonight Show Starring Johnny Carson* and *Late Night with David Letterman*" — commanded a 57.9% share, followed by CBS with 29% and ABC with 13.1%.

Because of *Letterman*'s success in attracting young viewers, CBS has scrapped its late-night action lineup and is bringing out a new show featuring *Wheel of Fortune* host Pat Sajak, which the network believes will skew younger than *Carson*. ABC also reportedly is considering several entertainment-oriented shows to follow *Nightline* at midnight.

What has got the networks fine-tuning their lineups is an explosion of ad dollars in the daypart. All of the top-10 categories increased spending significantly in 1987, with the exception of wine coolers, which was down about 5% to $14.3 million. However, beers, the lead late-night category, increased about 24% to $35.2 million. Demand has gotten so strong among all beverage advertisers that the networks now prohibit them from using :15s in late night. Although ratings are down about 10% on a household basis, all of the leading demographic categories are up.

BETTING LINE: Demand for this time period will increase. Intensive competition between some categories may send late-night rates well up into the double-digits.

NEWS

While some buy this daypart specifically, most advertisers use it to extend their prime-time reach. It is described by one network salesman as "hamburger helper." Although news experienced a slight household ratings drop due to people meters, the key demos are down significantly, especially among men. People meters also bumped NBC from number one to last place and moved CBS into first. However, ABC's younger, more urban audience skew keeps it ahead in dollar sales in the daypart, which traditionally skews older and more rural than prime. Of the $639.9 million spent on news in 1987, ABC had a 35% share, CBS 34.3% and NBC 30.8%.

Revenues for the daypart declined a significant 10% from the $711.1 million in 1986. However, most of the top-10 news advertisers — with the exception of General Motors, Philip Morris and Procter & Gamble — increased their expenditures. Lead news advertiser Kellogg bumped its spending nearly 53% to $33.6 million, reflecting a surge in the adult-cereal category. Cereals, in fact, increased their advertising spending nearly 25% to $64.3 million. But that apparently was not enough to offset other slipping categories such as domestic and imported cars, which were down 18% and 7%, respectively.

BETTING LINE: News CPMs will be closely tied to prime-time pricing. Consequently, news rates should grow in the mid-single-digits unless prime time takes off.

AS THEY SEE IT

MEDIOLOGY

Gordon Link

Executive vice president,
worldwide media director,
McCann-Erickson Worldwide,
New York

OUR GLOBAL MARKETPLACE

For those of us who have spent our careers tracking and analyzing the complex U.S. media scene, the thought of doing the same on a worldwide basis can be daunting. But what happens in other countries can, and increasingly does, wash up on our shores, affecting our businesses directly and immediately. I won't rehash the significance of AGB's emergence on the American scene. But the AGB phenomenon is a prime example of the dramatic changes that will emanate from overseas. We must pay attention.

Any agency doing business abroad needs an intimate knowledge of current media peculiarities and opportunities within foreign countries. That is a given. Equally important, we must now plan ahead for such future developments as the fall of the European trade barriers in 1992 — an event that will have a profound effect on the way we approach media planning and buying. The anticipation of international trends is, of course, difficult, but it is an area where media professionals can truly lead their clients, helping them preempt the competition in very meaningful ways.

How big is advertising's "global village"? It is not only large and growing at a healthy rate, but projections indicate that the rest of the world will supersede the United States (see Chart I on pg. 133).

As of 1985, 15 countries accounted for 90% of worldwide advertising expenditures. To dimensionalize their importance, these same 15 countries comprise 20% of worldwide population and 61% of global Gross National Product (Chart II).

Another way of measuring the vitality of advertising in these countries is to examine both the per-capita ad expenditures and the proportion of the country's Gross National Product (GNP) advertising represents. As expected, the U.S. exceeds all other countries in both categories. However, there are other countries whose per-capita ad expenditures are also quite high and whose advertising represents over 1% of the GNP (Chart III).

Totaled up, the top 15 markets evidence a per-capita advertising expenditure of $161.00 — over 30 times greater than that of the rest of the world. The proportion of the GNP represented by advertising for the 15 markets is 1.6% — over three times that of the rest of the world.

In the United States, the compound media inflation rate index from 1980 to 1985 was 156 (1980 = 100). At the same time, the general economic compound inflation rate (as measured by the Consumer Price Index) was 130.1. A comparison between the two reveals that media inflation exceeded general economic inflation by 20% (156/130.1 = 120).

How does this stack up to the rest of the 15 major markets? Many countries demonstrate an index even lower than that of the U.S. This is primarily attributable to the fact that the media inflation index is increasingly more in step with general economic inflation (see Chart IV).

There are a number of countries where the compound media inflation index is outpacing the general economic index. Australia and South Korea, for instance, are experiencing explosive economic growth, and the demand for time/space is accelerating at an even faster rate. In the past few years, the media inflation index has been leveling off, thus allowing the general economic inflation to "catch up." We expect this trend to continue through the end of the decade (see Chart V).

There is no error in Brazil's numbers. They reflect an incredibly heavy debt load (in excess of $100 billion) and the resultant hyperactive inflation rate experienced in that country since the beginning of this decade.

Which medium captures the largest share of ad expenditures? Information was culled by medium for television, radio, newspapers, magazines and others (cinema, outdoor, transit, direct, business-to-business). Note: This includes local, regional and national media expenditures.

Media can lead clients by anticipating global trends.

Newspapers garner the largest share of advertising expenditures in almost all the countries examined. (For those of you who are under 30, newspapers enjoy a 27% share of ad dollars in the U.S. versus 22% for television.) Many of the countries where television evinces a low share of ad expenditures are in Europe: West Germany — 9%;

ADVERTISING'S WORLD
A Statistical Analysis

Source: McCann-Erickson. (B) = billions.

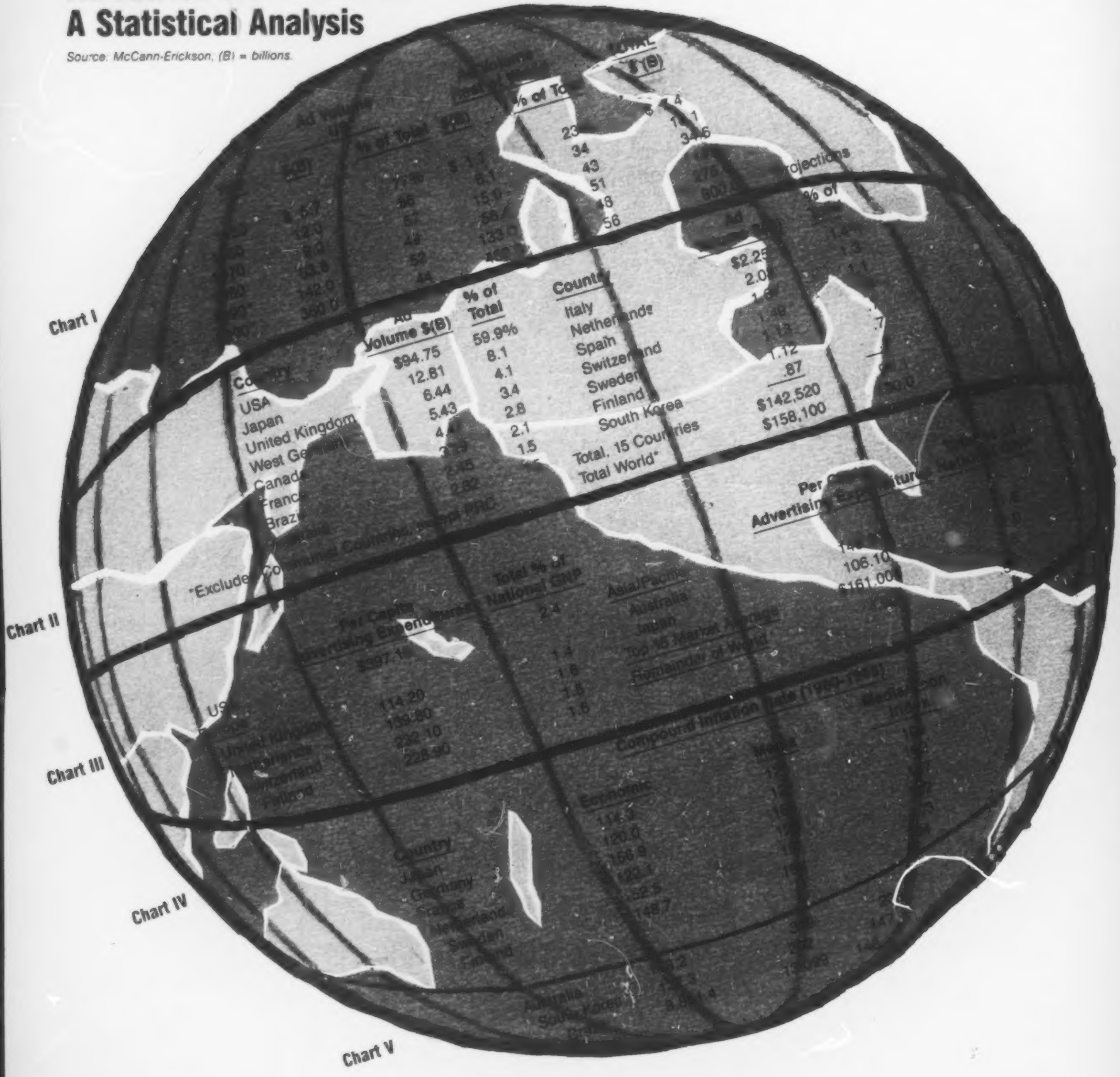
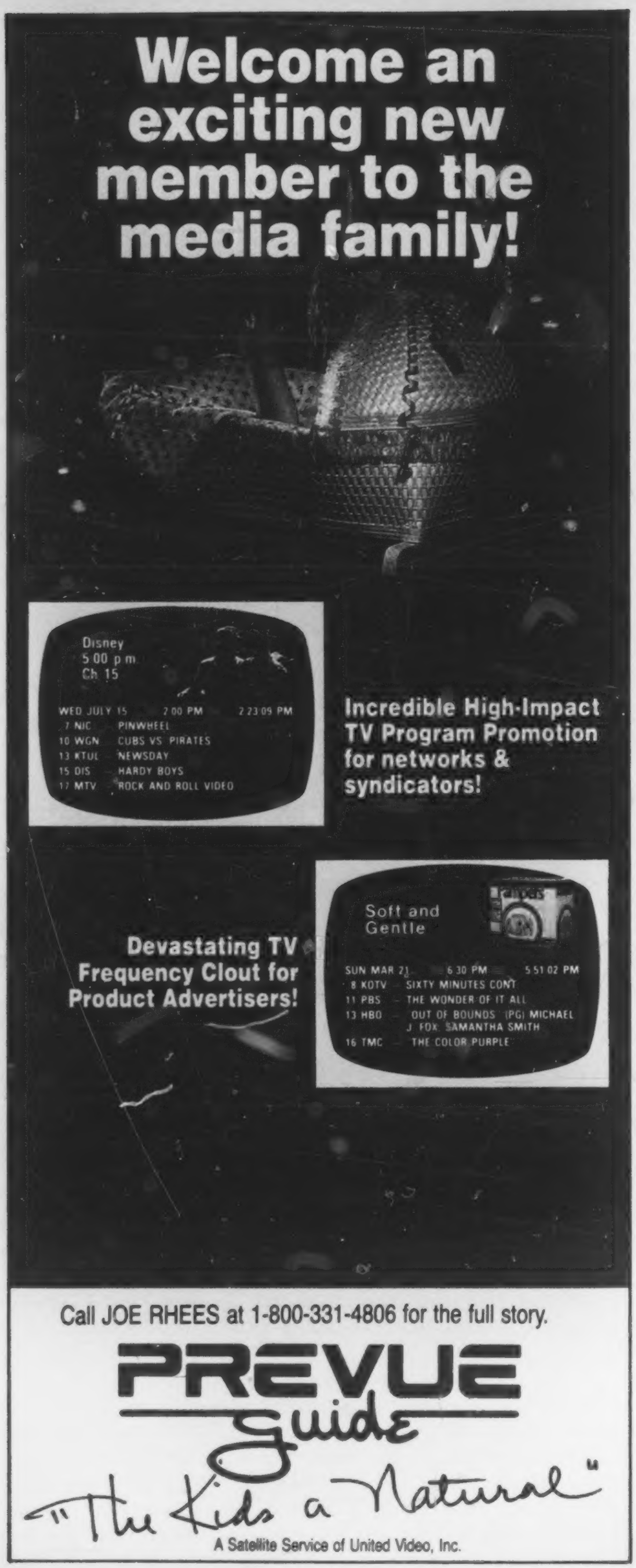


Chart I
Chart II
Chart III
Chart IV
Chart V
Country
USA
Japan
United Kingdom
West Germany
Canada
France
Brazil
Ad Volume $(B)
$94.75
12.81
6.44
5.43
% of Total
59.9%
8.1
4.1
3.4
2.8
2.1
1.5
Country
Italy
Netherlands
Spain
Switzerland
Sweden
Finland
South Korea
Total, 15 Countries
Total World*
$2.25
.87
$142,520
$158,100
*Excludes Communist Countries and PRC
TOTAL $(B)
% of Total
23
34
43
51
48
56
Projections
Per Capita Advertising Expenditures
Total % of National GNP
$397.18
114.20
139.80
232.10
228.90
2.4
1.4
1.6
1.5
1.6
Asia/Pacific
Australia
Japan
Top 15 Market Average
Remainder of World
106.10
$161.00
Compound Inflation Rate (1980-1985)
Media Cost Index
Media
Economic
114.3
120.0
156.9
148.7
Country
Japan
Germany
France
Netherlands
Sweden
Finland
Australia
South Korea

Netherlands — 5%; Switzerland — 4%; Finland — 8%; France — 17%. The reasons for this are manifold: limited commercial-tv availability; an extensive and well established magazine/newspaper industry (i.e. high literacy rate); restricted tv commercialization policies; stringent television time-buying guidelines.

Let's examine the first point — limited commercial-tv availability. A review of the top 15 markets shows that the United States has the greatest number of tv outlets — over 900. Italy boasts 511, but after that, the numbers decline precipitously. The Netherlands and Finland have two each. South Korea and the United Kingdom have three each, France has six, Spain seven and Germany nine. Switzerland has one station, which airs French, German and Italian programing. Government ownership of broadcast facilities is quite common in these countries, and only recently has privatization been introduced as a means to expand the total tv "pie." More about this later.

The flip side to a fledgling commercial-television environment is an entrenched and well developed print industry. The United Kingdom and West Germany each offer advertisers approximately 1,220 consumer-magazine titles. France and Italy each top 900 titles. A review of Brazilian media surely rounds out the point. As a strug-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gling economy with a low literacy rate, Brazil claims only 60% tv-household penetration (the lowest of the top 15 markets) with over 130 tv stations. Yet it only offers 300 magazine titles.

Tv-commercialization policies vary widely by country. The dichotomy between those countries in which privatization is the predominant rule and those in which the government prevails is demonstrated by how these policies are stated: by hour versus by day.

In terms of television buying, the national tv outlets in West Germany and France sell their time on an upfront, non-cancellable basis. Options do not exist; scatter does not exist. It is a "first come, first serve" business.

Chart VI

PRIVATIZED TV

Country	# Minutes/Hour
Japan	12
Brazil	15

GOVERNMENTAL TV

Country	# Minutes/Day
France	18
Switzerland	25

Source: McCann-Erickson

Future trends and implications: McCann-Erickson has made a major commitment and investment in monitoring the constantly evolving media and marketing environments around the globe. From all the data collected, we have identified a number of key media trends:

1. *Television in all its diverse forms (i.e. from over-the-air tv to DBS and VCR) will grow dramatically on both a household-coverage and usage basis.* Television is acknowledged to be the most intrusive medium for advertising. However, it is estimated that global tv penetration is now 50-55%. The growth of tv penetration will be assisted by other forms of the medium — DBS and VCR. In the least devel-

oped nations of the world, tv penetration will experience dramatic growth. In the developed countries, privatization of television channels will increase. It happened in Italy and will accelerate in France.

As more television options come on tap, usage of the medium will increase. This should lead to a greater influx of advertising dollars for the available time.

2. *Print media will grow but at a slower pace.* Television's growth will not spell doom for print. When privatization of commercial tv occurred in Italy, the advertising dollars earmarked for print did not decline. The improved education process in many countries has increased literacy rates. As economic conditions in many Third World countries show improvement, additional print vehicles will emerge.

3. *Advertising expenditures, expressed as a percentage of the GNP, will increase on a global basis.* The United States has consistently led the world in ad expenditures. McCann-Erickson believes the non-U.S. expenditures will grow at a sharp rate for the rest of this century for three reasons:

Advertising expenditures as a percentage of GNP will increase on a global basis.

- Sales growth for many mature packaged-goods manufacturers will have to come from new markets. Recognizing this, advertisers will increase their marketing expenditures to build share.
- The process of globalization has created a heightened sense of competition. This will put pressure on the supply of advertising time and space.
- The expansion of commercial-tv availability, especially in strongly regulated television markets, will be met by the pent-up demand for time.

4. *The use of short-length tv commercials will increase globally.* McCann-Erickson surveyed all major countries to determine the availability of short-length commercials (less than 30 seconds). The study revealed that:

- Almost all countries offer short-length commercials.
- Many do not attach a cost premium.
- In those countries where media inflation has outstripped general economic inflation, short-length commercials represent a means by which marketers may be able to regain lost advertising clout.

Utilization of short-length commercials (i.e. :15s) in the United States is a relatively recent phenomenon. While it is more entrenched in other countries, finding ways to communicate in a world of short tv commercials without sacrificing media and impact values is a global challenge.

5. *The viewer's ability and inclination to zip and zap tv commercials is growing.* Increased technology and viewing options have brought with them a less passive audience. Zipping and zapping, combined with an expanding short-length tv commercial environment and a literate viewer, make it critical that advertisers and agencies find ways to track, measure and deal with "audience flight."

6. *Major changes in political and economic structures will continue to pave the way for globalization.* The most salient and significant example will be set by Europe, where the changes wrought by the European Economic Community will come into full play in 1992. In an effort to create a single market, major trade barriers will be eliminated, resulting in business realignment and overall a freer flow of goods and services. Pricing structures will change and concurrently the competitive arena will change. Advertising will play an important role in the success or failure of many companies within this more vibrant marketplace.

While pan-European marketing is apt to undergo radical changes in 1992, pan-European media will evolve more slowly. The reason is simple: Differences in language and, to a lesser extent, culture will inhibit media's reach potential.

A likely solution will be to segment Europe by language and cultural sim-

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Desktop Presentations

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ilarities, not by national boundaries. In other words, cluster countries on the basis of broadcast and print-circulation delivery, using a system akin to the ADI concept in the U.S. Possible "cluster groups" include France-Belgium-Luxembourg-Switzerland; Austria-Germany-Switzerland; Italy-Switzerland; Great Britain-Ireland-Northern Ireland; and possibly the Scandinavian countries.

International companies with superior products and wide networks of production and distribution will prosper in the coming years. Marketers who are currently organized on a national basis and have not taken advantage of global potential will have to reorient their perspective.

So, media professionals, look for a new world to dawn. Not only are the challenges intriguing, but those who can successfully plot a global communications course will prosper right along with their clients. ■

TELEVISION

Leslie Poliak

Vice president, director of spot broadcast,
Ketchum Advertising/San Francisco

A SPOT-BUYER'S GUIDE

After several seasons of modest rate increases, stations are feeling bullish about the 1988 spot marketplace. And with good reason. The year started off with a sold-out network marketplace and promises to remain strong through the November presidential elections.

Since broadcast is a supply-and-demand commodity, media buyers need to understand all the marketplace factors that can play havoc with budgets and plans. The following examines some of this year's key factors and provides tips to help buyers avoid paying premium prices for spot inventory.

A sold-out network marketplace. The network marketplace has the biggest initial influence on spot prices. When network is sold out, television advertisers compete for spot inventory in the top 20 markets.

Due to the confusing people-meter issue, this year's upfront marketplace sold out quickly — so quickly that several big-budget advertisers missed it. Those advertisers are now diverting funds into the spot marketplace, causing inventory to tighten and prices to rise.

It remains to be seen what effect the economy will have on network ad budgets in the future, but watch the spot marketplace take its cue from network.

If "options" are picked up, look for tightening conditions in spot. If network inventory loosens, prices could decline as budgets revert back to network.

The 1988 Olympics. Both the Winter and Summer Olympics will affect the marketplace. During the winter games, advertisers who could not afford the Olympics' premium prices turned to the CBS, NBC and Fox affiliates, as well as the stronger independents. This tightened station inventory kept normal first-quarter rates higher for programing that achieved lower ratings against the Olympics. Watch for the same problems to reoccur when the summer games air against reruns on competitive networks.

The 1988 political elections. With election-year ad revenues predicted at $140 million, spot demand will be strong as political adversaries compete with national and local accounts for existing inventory. In addition, bonus no-charge spots frequently packaged with high-priced programs will be unavailable due to rules established for political rate structures. All this will add up to higher spot costs as the November election draws closer.

New base advertisers. Years ago, affiliates and independents were ruled by large packaged-goods companies that leveraged enormous budgets into 52-week spot-market deals. Anxious to have the upfront money, stations quoted rates generally considered preemptible and cheap.

Today, automotive and airline advertisers are entering the market with big budgets and cost-per-point premiums used to purchase the most desirable programing. While their planning costs are higher, efficiencies against upscale consumers are good. As a result, stations are now willing to decline large packaged-goods budgets based on "tonnage" rates in favor of these advertisers.

Stations are rightfully bullish about the 1988 spot marketplace.

Prime-access demand. The prime-access daypart continues to produce local station revenue. For example, syndicated shows such as *Jeopardy* and *Wheel of Fortune* enjoy huge success in the access time period.

In some markets, *Wheel* and *Jeopardy* outdraw both network news as well as prime. In fact, New York's ABC affiliate has pushed back network news to allow for a full hour of prime-access programing. With a half-hour less of local early news, WABC's price will undoubtedly rise due to limited avails.

While advertisers who utilize prime heavily will have a new "hook" area, this expensive access programing and the lack of avails in early news will be bad news to tonnage advertisers who depend on the efficiency of fringe programing.

West Coast markets. Population growth, affluence and a materialistic lifestyle have inflated West Coast prices. At the same time, these markets suffer from abnormally low HUT levels and program ratings, resulting in high CPMs.

The Los Angeles market is one of the most highly inflated on the West

BRAND REPORT

No. 152: Financial Brokerage Services

THE CONFIDENCE GAME

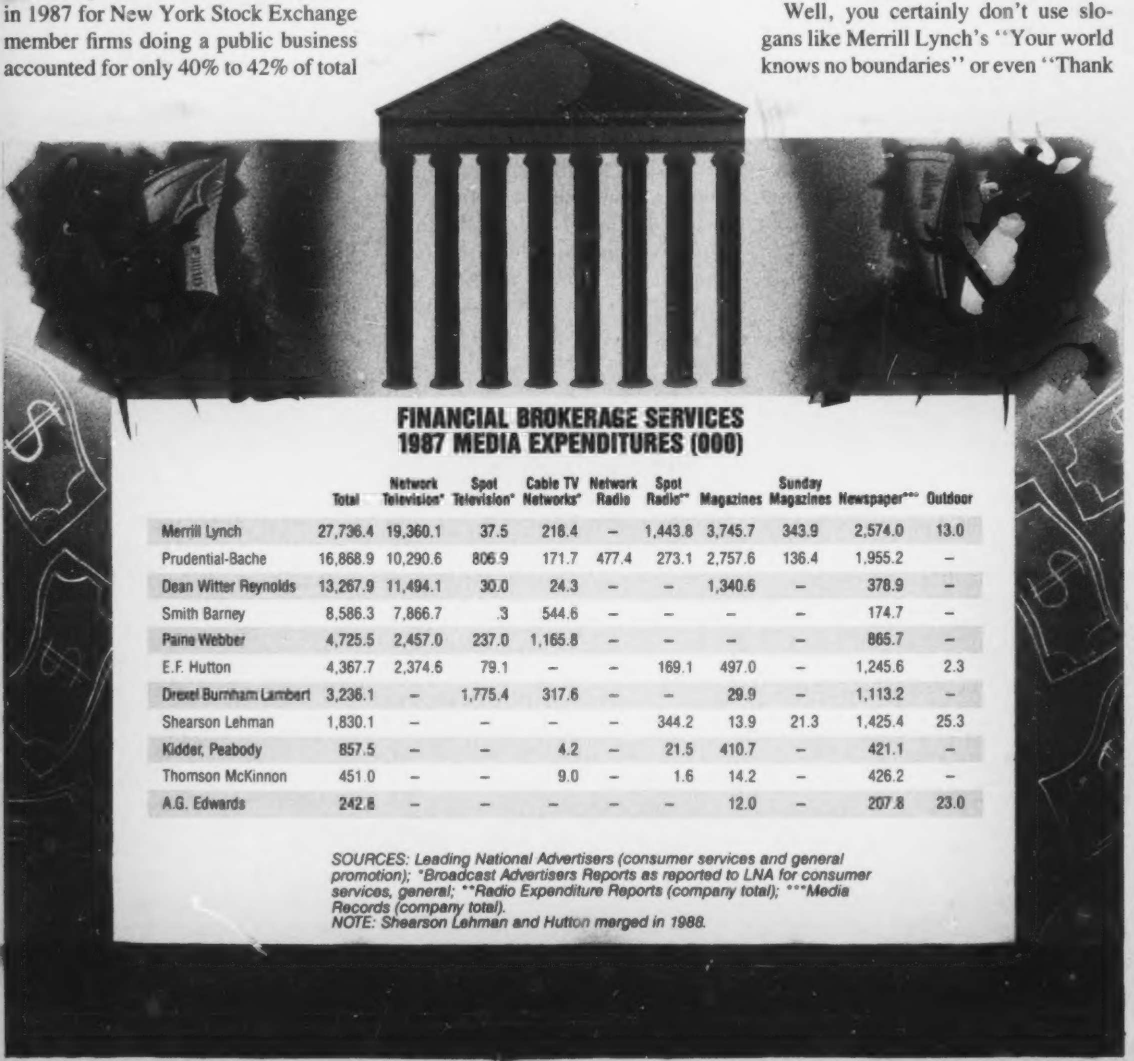
by Paula Schnorbus

Retail stockbrokers may be taking comfort in Wall Street's gradual recovery, but don't expect them to trust it too soon. Last fall's 'round-the-world 500-point stock market crash sent some brokerages reeling into mergers, staff and budget cuts and profit losses. Retail revenues in 1987 for New York Stock Exchange member firms doing a public business accounted for only 40% to 42% of total revenues of $50.6 billion, according to Perrin Long, an analyst at Lipper Analytical Services Corp., as compared with 52% of $50.036 billion in 1986.

"It's a tough market for retail brokers," barks John Lampe, PaineWebber's director of advertising and public relations. "I don't care what the others are telling you. Orders are down, and investors who are on the sidelines will probably stay on the sidelines."

So how do you market any financial products or services short of a savings account to people who are clutching their purses as if being approached by a gang of thugs?

Well, you certainly don't use slogans like Merrill Lynch's "Your world knows no boundaries" or even "Thank



FINANCIAL BROKERAGE SERVICES
1987 MEDIA EXPENDITURES (000)

	Total	Network Television*	Spot Television*	Cable TV Networks*	Network Radio	Spot Radio**	Magazines	Sunday Magazines	Newspaper***	Outdoor
Merrill Lynch	27,736.4	19,360.1	37.5	218.4	–	1,443.8	3,745.7	343.9	2,574.0	13.0
Prudential-Bache	16,868.9	10,290.6	806.9	171.7	477.4	273.1	2,757.6	136.4	1,955.2	–
Dean Witter Reynolds	13,267.9	11,494.1	30.0	24.3	–	–	1,340.6	–	378.9	–
Smith Barney	8,586.3	7,866.7	.3	544.6	–	–	–	–	174.7	–
Paine Webber	4,725.5	2,457.0	237.0	1,165.8	–	–	–	–	865.7	–
E.F. Hutton	4,367.7	2,374.6	79.1	–	–	169.1	497.0	–	1,245.6	2.3
Drexel Burnham Lambert	3,236.1	–	1,775.4	317.6	–	–	29.9	–	1,113.2	–
Shearson Lehman	1,830.1	–	–	–	–	344.2	13.9	21.3	1,425.4	25.3
Kidder, Peabody	857.5	–	–	4.2	–	21.5	410.7	–	421.1	–
Thomson McKinnon	451.0	–	–	9.0	–	1.6	14.2	–	426.2	–
A.G. Edwards	242.8	–	–	–	–	–	12.0	–	207.8	23.0

*SOURCES: Leading National Advertisers (consumer services and general promotion); *Broadcast Advertisers Reports as reported to LNA for consumer services, general; **Radio Expenditure Reports (company total); ***Media Records (company total).*
NOTE: Shearson Lehman and Hutton merged in 1988.

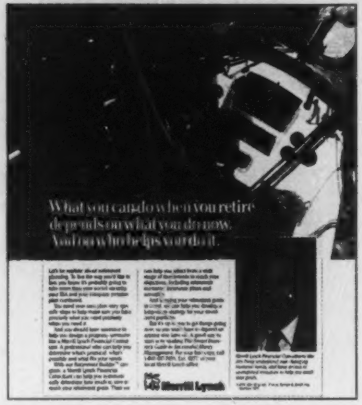
you, PaineWebber" — some still-smarting investors may not feel like thanking a brokerage house.

Merrill Lynch and PaineWebber were among the firms that moved forward with new creative almost as quickly as the stock market careened backward. Merrill put its chairman and CEO William A. Schreyer on the tube to hopefully create a calming effect on unhinged investors, and both Merrill and PaineWebber have continued with the reassurance trend, producing unscripted "straight-talk commercials." Merrill's "financial consultants," the new term for stockbrokers, have been looking at timely investment opportunities in :30 tv spots, and PaineWebber has already produced a whopping 36 :60 spots since the crash, with different company executives and brokers discussing what steps investors should be taking in the current market environment.

But the bottom line is brokerages want clients to establish dialogue with their brokers. This makes sense when one looks at a couple of statistics that don't bode well for stockbrokers. According to a general-public January 1988 study of financial alternatives commissioned by the Newspaper Advertising Bureau, 36% of those surveyed would pick a bank officer as their first choice for a financial advisor; a friend or relative was next at 23.1%; mutual-fund salesmen came in third with 15.4%; and stockbrokers managed to squeak in at fourth place, scraping up 12.2% of respondents polled.

Bruce Brittain, president of Brittain Associates Inc., an Atlanta-based marketing-research firm, says banks are popular because "banks have traded off the fact that people tend to trust commercial banks to get transactions done and that [a bank officer] doesn't have an ax to grind." There's a feeling among consumers, he claims, that "if you buy from a stockbroker, he's not an objective source."

In addition, says Long, "12.2% suggests that, by the time [investors] are executing an order, they don't need brokerage advice. They've already made up their minds as to what they're going to buy or sell."


What you can do when you retire
depends on what you do now.
And on who helps you do it.

Merrill Lynch

Merrill lately has shelved heavy use of the bull.

This is further reinforced by statistics gathered during spring 1987 from Mediamark Research Inc., which shows that of those people who have brokerage accounts, 69.3% contacted their brokers to purchase or sell stocks, and only 39.8% got in touch with brokers to get advice or price quotes.

More bad news for full-service financial-brokerage firms: Long maintains that when there is a slowdown in market activity, particularly equities, there is a greater tendency for investors to use discount brokerage facilities, which is understandable, reasons Long, because "we all want discounts." But David Pottruck, executive vice president, marketing and branch management of discount brokerage Charles Schwab & Co., says that "in a market like this, we take less heat for the poor performance of stocks than a full-service firm. We do better than full service, but not as well as before the market crash." All of Schwab's advertising is direct response, with coupons and 800 numbers. Pottruck admits Schwab is getting less calls since the October 19 collapse.

Stockbrokers are the stars of image-building tv ads.

So what is the marketing message from retail brokerages? Discounter Schwab, like full-service firms, is telling investors to diversify their portfolios. Other firms are being more dramatic, such as newly merged Shearson Lehman Hutton, which as early as February began trumpeting that "The Worst is Over." But Smith Barney, Harris Upham is still "Making Money the Old-fashioned Way," with that nearly decade-old tagline. And everyone seems to be pushing fixed-income investments rather than equities.

Mutual-fund ads stopped running yields, especially on the equity funds, and Fidelity Investments has begun focusing on established customers. Neal Litvack, vice president, marketing, says that Fidelity's media buying has been cut about 25% and put into shareholder services. The crash prompted First Investors Corp., which had minimal advertising previously, to devise a new campaign to play up the firm's track record of monthly dividend checks.

Marketing departments at brokerage firms are being turned topsy-turvy too. Thomson McKinnon started beefing up its department the summer before the crash, and PaineWebber acquired Joe Grano, former national sales director at Merrill Lynch. Grano has centralized marketing staff and also vertically integrated marketing into product areas. Kidder, Peabody & Co. has downsized its marketing staff.

A lot of marketing is done on the local level, with brokerages relying heavily on what the branches report back. The national office then provides materials on specific products. Local seminars have been growing in importance also. Local print advertising is the standard medium, but brokerage houses are divided on tv advertising, with only the big houses using it to any great extent.

To determine the most consumer-oriented of the brokerage houses, a ranking was compiled based on data from the individual houses using the firms' total number of retail brokers: Merrill Lynch, 13,000; Shearson Lehman Hutton, 11,500; Dean Witter Reynolds, 7,600; Prudential-Bache Securities, 5,000; PaineWebber, 4,300; A.G. Edwards, 3,200; Smith Barney, 2,250; Thomson McKinnon, 2,200; Kidder, Peabody, 1,600; Drexel Burnham Lambert, 1,200.

Merrill Lynch & Co.

The Merrill Lynch bull had been running rampant in settings most unusual to bovine habitation, such as Wall Street and even along a beach to illustrate that "Your World Should Know No Boundaries."

Along came October 19 and, instead of the trotting bull, Merrill Lynch executives, including William A. Schreyer, chairman and chief executive officer, appeared in what have been dubbed the "straight-talk" commercials. Merrill wanted to take a "very public position and be quickly out there to calm investors with information on the market situation, of how it was going," says Debbie L. Mandelker, vice president and manager of marketing services. The tv spots and a new print campaign started the same week as the Monday crash.

The straight-talk series has continued with Merrill's financial consultants

Merrill goes for the good old days in its "Tradition of Trust" ads.

looking at different areas of investment, Mandelker says. "We don't script them. It's done in a way they would answer real people's questions," she explains. There are about four of those on average. As new 30-second spots are added, less timely commercials are pulled. Mandelker says Merrill has been focusing on a strategy that proved to be prudent in the market situation; that is, the relationship of a client with a financial consultant and also the diversification of Merrill's products.

Orange County paper-route.

Orange County adults accounted for over 1 million air trips last year.
Every day, the Register reaches 48% of these travelers —
in contrast to just 36% reached by the largest L.A. paper.
(Scarborough's 1987 Newspaper Ratings Study)

THE ORANGE COUNTY
Register
METROGROUP

The leading medium in Southern California's richest market. Represented by CWO&O

In addition, Merrill is running about four historical vignettes that demonstrate the firm's commitment to its clients, hence the new tagline of "A Tradition of Trust." There are four of those also, and they are executed in a "Capra-esque" style, says Mandelker, referring to famed movie director Frank Capra. And the bull is back, but in electronic form and running across a tickertape.

All of these are supposed to appeal to Merrill's target audience, which is primarily in its mid-40s, "slightly more affluent" at $50,000 annual household income. Other targets are younger and emerging investors and even small to medium-sized businesses.

The standard :60 local and network radio spots and local newspapers and the *Wall Street Journal* are used. An 800 number appears in the print ads but not in the tv ads.

Mandelker says that the Merrill message is "better and more openly received in an environment where people take you more seriously." *Yachting* may be read by investors, "but it's the unreal part of their day," observes Mandelker. If a lifestyle book is used, it may be *Atlantic Monthly, Smithsonian* or *Harper's*. Business magazines such as *Forbes* also are used.

Merrill discovered that unfortunately your world does have boundaries.

Merrill also is a proponent of "event media." Reasons Mandelker, "It's more effective to 'own' events than to be a little of everything." Merrill actively promoted itself during the winter Olympics and continues to do so on election-oriented events. Mandelker notes that Merrill won't solely sponsor tv shows, but they will fund sports or cultural events.

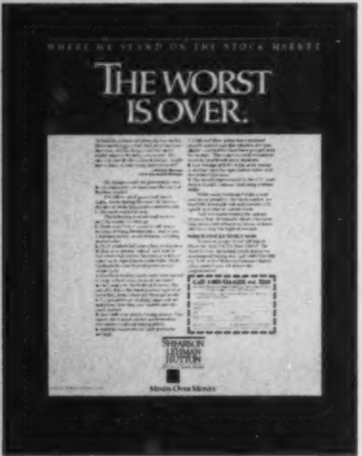
Merrill's agency of two years has been Bozell, Jacobs, Kenyon & Eckhardt, and there also is an in-house agency for local advertising.

Shearson Lehman Hutton

Aggressive might be the way to describe Shearson Lehman Hutton's February advertising that maintained "The Worst is Over." The firm has been doing a "where-we-stand" campaign with a strong point of view that provides investment advice and also a view of where the market is headed.

"We're bullish," says Catherine Kaputa, vice president, director of advertising. "We feel the equity market is going to turn up." They aren't just singing the praises of equities but also other products, such as Texas municipal bonds, that Shearson thinks are undervalued.

In addition to those commercials, the style of which Shearson had been using pre-crash, notes Kaputa, the firm also does similar print ads as well as the product-specific ads. When "The Worst is Over" ran, a national print ad was run simultaneously listing nine reasons why the bear market was over. An 800 number was provided to call for a report with the stocks Shearson liked at the time, generating several thousand responses. Their target is the $50,000-a-year-plus audience.


WHERE WE STAND ON THE STOCK MARKET
THE WORST IS OVER.
SHEARSON LEHMAN HUTTON
MINDS OVER MONEY

A bold Shearson Lehman Hutton trumpeted, "The Worst is Over."

Kaputa says that a recent Shearson quarterly research campaign found that investors weren't feeling as negative as had been feared. "While they may have lost value in a portfolio, they were holding on. They were concerned about volatility, which is not a surprise, but there was more optimism there," she says, adding, "They didn't blame their brokers."

Shearson's local newspaper campaigns include "The Worst is Over" angle as well as product-specific ads. There is couponing for direct response in print ads and also taglines on radio with the 800 number.

McCann-Erickson is developing a new image campaign for the recently merged Shearson Lehman Hutton. Kaputa estimates that it will be launched in late summer or early fall. The ad budget worldwide will be more than $25 million, or about the same as last year, says Kaputa.

Dean Witter Reynolds

Dean Witter was one of the big retail brokerage houses that barely acknowledged in its advertising that there ever was a crash. The firm still used its "You're Somebody at Dean Witter" for the headline, but there was a different, "reassuring message."

WHAT IF YOUR NAME IS CARSON AND YOU'RE NOT FUNNY?
You're somebody at Dean Witter.
DEAN WITTER

Dean Witter makes stars of celebrity siblings.

Lord, Geller, Federico, Einstein became the agency for Dean Witter at the end of 1985 — their association was reconfirmed at press time — and coined the original "Everybody is Somebody

Some people like CD's.

29% of our readers hold 6-month CD's, 28% have money market funds, 40% are stockholders, and average assets and investments are $188,500.

50plus *The first-class segment of the fastest-growing market.*

850 THIRD AVE. • NEW YORK, NY 10022 • (212) 715-2781

at Dean Witter." The Sears, Roebuck & Co. unit goes after a less-affluent target audience, analysts say. Dean Witter also has the benefit of dipping into a "household file" Sears has compiled of its customers.

"They go after any customer they can find, generally speaking," says Perrin Long, an analyst at Lipper Analytical Services Corp. "Over the years, the average net worth of a Witter customer has been somewhat lower than a Merrill or Shearson customer." Howard Clark, managing partner of Clark, Dwight & Associates, a Greenwich, Conn.-based marketing consulting firm, thinks that as other brokerage houses set their sights on more upscale customers, "it leaves Dean Witter an opportunity to pick up the market share that's being given up by the Merrills and Shearsons."

Dean Witter has the advantage of dipping into the files of its parent, Sears.

Dean Witter's ads are product specific, particularly on a local basis, as well as image-oriented, claiming you don't have to be actor James Garner to be somebody at Dean Witter; you can be his brother or Neil Armstrong's sister or the sibling of a host of celebrities mentioned in the ads.

Media placements have been unusual for a brokerage firm, appearing on prime-time shows such as *Moonlighting* and *The Cosby Show* and also the usual news and sports shows. But that was last year, and Moira Hearne, management supervisor for the Witter account at Lord, Geller, says they have gotten a little more selective. Prime time is expected to be used through second quarter, but its future as a media buy is uncertain.

Magazine usage last year was in business books, including *Black Enterprise*, and also the weekly news magazines and *Sports Illustrated*. Dean Witter was one of the first to market to women, but now advertising in women's books such as *Working Woman* and *Savvy* is confined to job recruitment.

LNA reports that Dean Witter spent almost $13 million in its broker and consumer-service advertising.

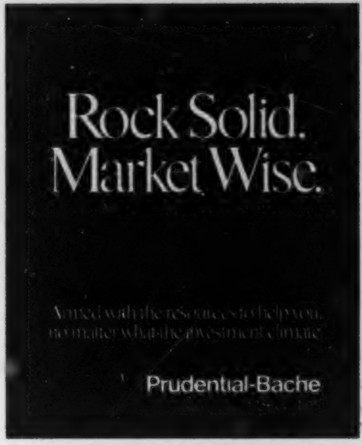
Prudential-Bache Securities

Pru-Bache acknowledged the crash by embellishing on its "Rock Solid, Market Wise" slogan, which had been used for more than a year before the October fall. Afterward, it basically continued but with a twist: "Now, especially now, you need a firm that's rock solid." Lately, it's been back to "Rock Solid, Market Wise" but with a qualifier in the print ads: "Armed with the resources to help you no matter what the investment climate."

The revisions were made in the print ads, and Pru-Bache also produced a :30 tv spot in no time, which was reinforced by its radio advertising.

With the change of season — Pru-Bache doesn't advertise during the holidays because tv viewing and reading patterns change — the creative was redone. A new :30 ad shows people involved in an investment transaction.

The firm also pitches its products in print ads, even the sports and lifestyle magazines that many brokerage firms avoid, but it doesn't use much direct mail when targeting its $50,000-to-$75,000-plus-a-year audience of professional types. Says Russell LaBrasca, director of national sales and marketing, "We feel our account executive force is extremely qualified. We try to work with them to give them the tools to market the way they think best." Since the beginning of the year, outdoor ads bearing the "Rock Solid, Market Wise" slogan may be seen in 14 markets, according to Peter Costiglio, senior vice president, public communications, adding that last year the effort was very successful, prompting more dollars to be pumped into the medium. Favorite billboard spots are commuter railroads, airports and telephone booths. Costiglio says Pru-Bache's ad budget is $17 million to $18 million, the same as last year. Backer Spielvogel Bates has been the agency for close to three years.

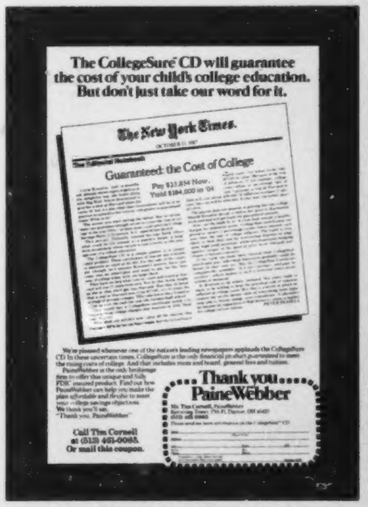

Rock Solid.
Market Wise.
Armed with the resources to help you,
no matter what the investment climate
Prudential-Bache

Pru-Bache borrows the rock from parent Prudential Insurance.

Seminars that were once product-specific are broader with discussions of strategy, such as where the economy is going according to Pru-Bache. Based on that, says LaBrasca, several different investments are highlighted rather than a big pitch for one product.

PaineWebber

It seems there are no holds barred at PaineWebber when it comes to shooting :60 "special report" commercials, and since October 19, more than 36 have been produced.


The CollegeSure CD will guarantee the cost of your child's college education. But don't just take our word for it.

The New York Times

Guaranteed: the Cost of College

Pay $33,834 Now, Yield $184,000 in '04

We're pleased whenever one of the nation's leading newspapers applauds the CollegeSure CD. In these uncertain times, CollegeSure is the only financial product guaranteed to meet the rising costs of college. And that includes room and board, general fees and tuition.

PaineWebber is the only brokerage firm to offer this unique and fully FDIC insured product. Find out how PaineWebber can help you make the plan affordable and flexible to meet your college savings objectives. We think you'll say, "Thank you, PaineWebber."

Call Tim Cornell at (513) 461-0065. Or mail this coupon.

...Thank you.....
PaineWebber

PaineWebber has advertised heavily in local newspapers.

PaineWebber was another firm that has switched gears, pulling the "Thank You, PaineWebber" ads that have run since 1976 in favor of commercials that deal with everything from "what you should be doing in this type of market climate to an occasional product-specific ad," says Joe Grano, president of retail sales. The spots are designed as one-on-one, question-and-answer sessions between an interviewer and everyone from Grano to PaineWebber stockbrokers. One spot urges all investors to review their portfolios with a full-service firm, even if it isn't PaineWebber. Another spot shows Grano warning that "brokers who put commissions ahead of customer interest wouldn't last very long."

Basically, says Grano, PaineWebber is advising clients to maintain a high level of dialogue with their brokers, and the corporate philosophy is that PaineWebber "profits through customer satisfaction rather than transactions." Branch offices have adopted special hours and more seminars in the past few months. PaineWebber's customers are the traditional earners of $50,000 plus a year.

Marketing of specific products has gravitated to fixed-income vehicles, which Grano says will be "adjusted accordingly as the market begins to show a discernible trend."

Image spots are still being shown, but to a lesser extent. At the time of the crash, new commercials with sports personalities Jimmy Connors and Arnold Palmer — as well as a newer spokesman, violin virtuoso Itzhak Perlman — had just been produced, so the voiceover has been changed to be more timely.

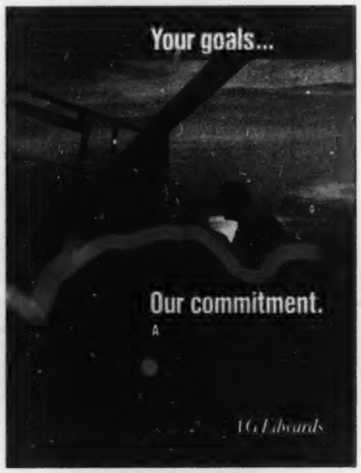
National print advertising has been largely ignored, but local newspaper advertising investments have doubled, says John Lampe, director of advertising and public relations. Magazines aren't used because of their long closing dates.

PaineWebber has always been a big believer in classical radio. Classical music listeners demographically often fit the description "affluent professional," which "almost matches perfectly the ideal PaineWebber retail client," says Lampe. The voiceover of the :60 special-report tv spots are used for radio advertising.

A.G. Edwards & Sons

The only regional firm to make the top-10 list based on its 3,200 retail brokers is A.G. Edwards & Sons of St. Louis, Mo. National advertising has been foreign to this firm, which has only advertised once in the *Wall Street Journal*, and that was to announce its 100th anniversary last year.

Recently, Edwards started co-sponsoring, with Kidder, Peabody & Co., the nightly *Business Report* on PBS, and that national recognition is only in a :10 blurb, says Edwards' Richard Grabish, vice president and director of marketing services.


Your goals...
Our commitment.
A.G. Edwards

A.G. Edwards lets its branch managers advertise as they see fit.

Grabish explains that each of the roughly 352 branches is "its own little company. Each branch markets as they see fit," he explains, adding that "we're not a big, splashy firm. We don't try to toot our own horn. That's a double-edged sword."

Actually, Edwards does have a couple of :30 image commercials that are shown locally, as well as product-specific ads. The corporate communications department, which produces the ads, supplies the local offices with ad copy and radio scripts, depending on the needs of the branch offices.

Some branch managers produce their own tv advertising, but Mary Atkin, vice president of corporate communications, says that only 10% to 15% of the branches use tv ads. There isn't any outside ad agency.

"Our goal," explains Grabish, "is that real marketing, target penetration, is done between the broker and the client. Good service, competitive pricing, account loyalty and retention are the real strengths the broker has." Edwards' clients are described as middle and upper-middle class. Market research isn't done on a national level, says Grabish. "We're pretty negligent in identifying our own client base, but the broker knows more than someone in the home office," he maintains.

Sponsorships may be done on an individual basis by local branches, and brokers may be guests on talk shows or call-in shows. Grabish says there is no orchestrated movement to generate programing.

Edwards promotional budget last year was $4 million to $5 million.

Smith Barney, Harris Upham & Co.

Smith Barney is still trying to make money the old-fashioned way, such as using the same pre-crash ad theme that has been around since 1979, with the minor change of Leo McKern as the spokesman instead of John Houseman.

"Investing is a long-term business," explains Robert Connor, a managing director at Smith Barney. "We have a long-term approach to it. We felt our message is general enough to apply to that particular approach. We didn't see any need for changing it on the spot after [October 19]." Not only that, the new spots with McKern just came out in late September.

Smith Barney's "affluent" target rakes in $100,000 plus yearly, one of the most upscale of the retail brokerage houses. "We aren't a discount house," huffs Connor.

Smith Barney wants to make money the old-fashioned way, with a well-worn tagline.

Smith Barney doesn't use national magazines. "We just focus on tv. It works for us," says Connor. There are awareness ads that emphasize the quality of Smith Barney's employees and service. Currently, there are four :30 ads featuring McKern, and more will be produced this year. In the current spots, McKern has a "wife" to "take away the austerity of the Houseman commercials," notes Connor. The tv spots appear on news and sports programing, or the traditional shows used by the brokerage industry. In addition, local newspaper ads focus on product-specific pitches. Ogilvy & Mather has been the agency since 1979.

Direct-mail pieces go out an average of once a month. Connor says that, much like other firms, there is a focus on research, with the latest update of recommended equities and other product information. Connor also says that direct-mail and local advertising accounts for 20% of the ad budget, and tv and associated production costs make up the other 80%.

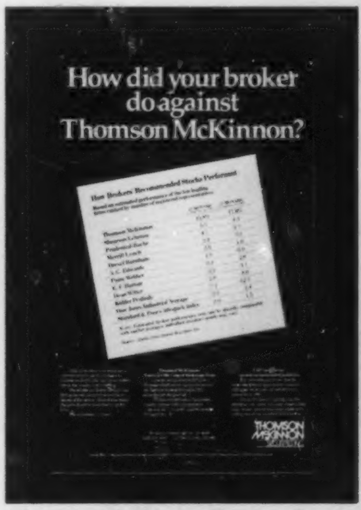
Smith Barney's tv ads account for a whopping 80% of the budget.

LNA reports that last year Smith Barney had ad expenditures of about $8.4 million, most of which was spent on network tv, and cable to a lesser extent.

Thomson McKinnon Securities

Here's a full-service agency that ironically decided to become more market driven in the middle of 1987, bringing in a new senior vice president of marketing, Steve Gasper Jr. It may come as no surprise that Thomson-McKinnon has never had a long-term relationship with an ad agency and was interviewing candidates at press time.

It's not as if advertising has been non-existent. The marketing department has been developing advertising on a local level for its branch offices. Jeffrey S. Wolfson, vice president, marketing, says that the home office in New York is "taking a far more active role with what [the branches] advertise,


How did your broker do against Thomson McKinnon?
THOMSON McKINNON

Thomson McKinnon boasts about its stock picks.

WHAT'S WRONG WITH THIS PICTURE?
(HINT: KANSAS CITY HAS BEEN OVERLOOKED)

Auto sales: Top 20 markets

Overlooked? We're used to it, even though we're an outsized auto market, leaving places like Cincinnati, Cleveland, Denver, Milwaukee, Orlando and Phoenix in the dust.

Even some major marketers have made the mistake of leaving out Kansas City when they make top 20 or 30 buys. But the ones who have looked closely at national rankings and at the vitality of the Kansas City market know better. They know that among other things, KC is a Top 30 performer in retail sales, food store & supermarket sales and purchases of petroleum products.

KC also places considerably above the national average in purchases of alcoholic beverages, appliances and insurance.

Once you've discovered KC, choosing the most effective ad medium is easy: It's The Star & Times. Our Sunday readership alone (753,000) humbles the competition. Weekdays, we reach two-thirds of households with $50,000+ incomes.

Before you put together your marketing plan, look closely: If you've overlooked Kansas City there's something wrong with that picture. Call our general advertising manager, Jack Hines at 816-234-4179 today for more on the must-buy KC market.

Sources: SBP '87 and Belden Associates - represented nationally by Cresmer, Woodward, O'Mara & Ormsbee Inc.

CHECK THE SOURCE
The Kansas City Star & Times

when they should advertise and how to coordinate activities in a far better way."

Wolfson, who only joined Thomson McKinnon in November and is formerly of Citibank, Nestlé, General Foods and General Mills, says that Thomson's management evaluated the company and decided to concentrate more on the retail business, "where there is the greatest opportunity for growth." The full-service firm is the eighth-largest based on the number of retail representatives and the 17th largest firm based on stated capital. "Our numbers suggest that our retail network is strong, and while the capital position is strong, it's not as big as some of the very large firms, such as Merrill," explains Wolfson.

Thomson McKinnon is still fine-tuning its target markets, but primarily the investor audience is 35 to 64, with a "slight skew to males with higher incomes," such as the seemingly universal $50,000-plus group, but Wolfson says that doesn't exclude the emerging investor as a secondary target audience.

Thomson McKinnon has been beefing up its marketing department.

The media plan is mostly local, with image and product ads primarily running in newspapers and some :30 and :60 radio spots. National advertising in the *New York Times* and *Wall Street Journal*. Outdoor is used to a lesser extent. New business is generated with referrals from Thomson's "very loyal client base," boasts Wolfson, and investment seminars are also an excellent opportunity for new business. Thomson's financial consultants also appear on local radio and tv with daily stock-market reports. Wolfson says the company "aggressively pursues" those opportunities.

Kidder, Peabody & Co.

Kidder, Peabody, acquired by General Electric Co. two years ago, has been looking for a firm-wide, image-oriented campaign, says Steven Schwarzkopf, vice president, corporate communications, who adds that Kidder in recent years "hasn't been an aggressive advertiser."

Currently, the firm is trying to put together an all-print media plan to hook its target audience of investors with annual household income of $75,000 to $100,000-plus, as well as owners of small to mid-size businesses and corporate executives "who have sizable incomes" and heirs to inheritances.

"Kidder doesn't advertise a whole lot, but it does have a reputation," ex-

SHOES
FLOWERS
BANK
SWEETS
BOOKS
KIWANIS MAGAZINE

KIWANIS magazine delivers a unique, quality audience of top executives, small business, professional and community leaders.

79.3% make purchasing decisions/have purchasing influence for their firms including:
44.4% for company banking services
51.5% for company insurance services
38.9% for company pension, retirement funds

Personally:
52.6% own stocks
18.1% own bonds
62.6% own an IRA or Keogh plan
43.3% own mutual funds
40.0% own money market funds
34.1% own C.D.s

For additional information, call or write:
Kiwanis International
3636 Woodview Trace
Indianapolis, IN 46268
Phone: 317/875-8755
Telex: TWX 810-341-3471
FAX: 317/879-0204

(Source: A.C.M.S., 6/87, "Readers In Business."
Complete copy available upon request.)

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"YOU'D DIE IF YOU HAD OUR JOB."
YOU COULD LEARN A LOT FROM A DUMMY.
BUCKLE YOUR SAFETY BELT.
A Public Service Message Ad Council U.S. Department of Transportation

plains Schwarzkopf. "Some people think a lack of advertising enhances that mystique. I personally don't share that."

Direct mail is a favored marketing medium, claims Schwarzkopf, because a "two or three page letter can do a better job than some ad." Two years ago, Kidder wasn't very involved in direct mail. Now there are four to five mailings a year of 200,000 to 400,000 pieces each. This is vast, says Schwarzkopf, because there are only about three million prospective "affluent" clients. The direct-mail pieces are "upscale packages" of specific ideas for affluent clients.

Nevertheless, Kidder's ad budget is estimated to be about $2 million to $4 million. They don't really use tv because of the expense. "Kidder has never spent that kind of money in marketing and advertising," says Schwarzkopf. Kidder has "explored radio but found it wasn't really efficient for our particular needs." Business or lifestyle books aren't Kidder's bailiwick, either.

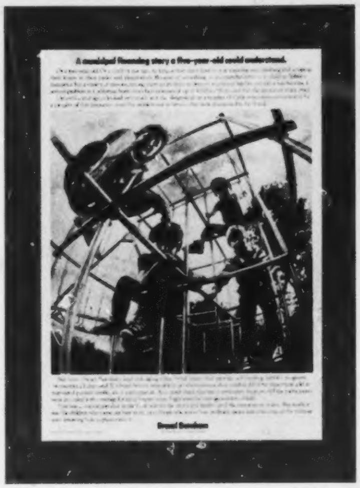
Schwarzkopf says that the individual brokers have been responsible for building business. "They really do it through referrals, networking and trying to be an upscale type of broker that provides the special services and attention that our market is looking for," he explains.

Meanwhile, Kidder has closed or downsized several branches. The marketing department has gotten "a bit smaller, but more focused," says Schwarzkopf, who quickly adds that October 19 wasn't the only reason for the scaling back.

Kidder does do special creative for special products for local newspaper advertising, as well as the *Wall Street Journal*. Branch office brokers will give financial updates for local radio or tv.

Drexel Burnham Lambert

Drexel, a name not usually synonymous with retail brokerages, continues the tradition by having an image campaign not related to retail services at all. Instead, in five :60 commercials and six print ads by Chiat/Day, it addresses the wonders of its high-yield or junk bonds and what innovative financings can do for a community.



Drexel shows off the wonders of junk bonds.

"They talk about the human side of finance and what happens after the money is raised," says Angela Zizzi Dailey, senior vice president, director of corporate communications. The tv ad tagline is "Innovative thinking is not just good for business but for everyone."

Elizabeth Tower, vice president, advertising, says the creative hasn't changed since the crash. "We were really lucky our strategy held up the way it did," she boasts, adding that the commercials aren't being tailored to address the crash.

But one of the ads that spoke of what junk bonds did for Vidalia, La., caused a stir when the *Wall Street Journal* claimed Drexel fudged the facts. Among other things, it was brought out that the spot was actually filmed in Port Smith, Ark. Dailey says that "from what I know about advertising, this is a very standard procedure."

There aren't any product-specific ads directed at retail customers and no "massive campaigns to bring in leads for brokers," says Dailey. Tower says an in-house agency produces and places print ads for brokers. She wouldn't reveal the budget, but said, "If Merrill is spending $1 million, we're spending $100,000."

LNA reports that Drexel spent $2.1 million on consumer services and general promotion; Media Records shows a company total of $1.1 million in newspapers. ■

NEW BIMONTHLY

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The Magazine for Financial and Accounting Professionals

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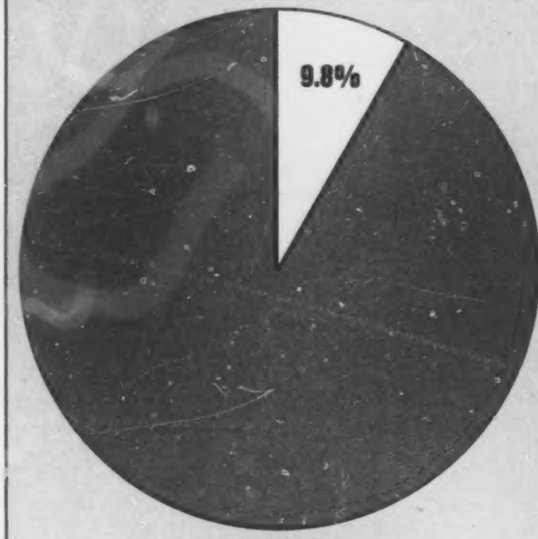
(Audit applied for) Complete details in May SRDS.

BRAND REPORT INDEX

FINANCIAL SERVICES

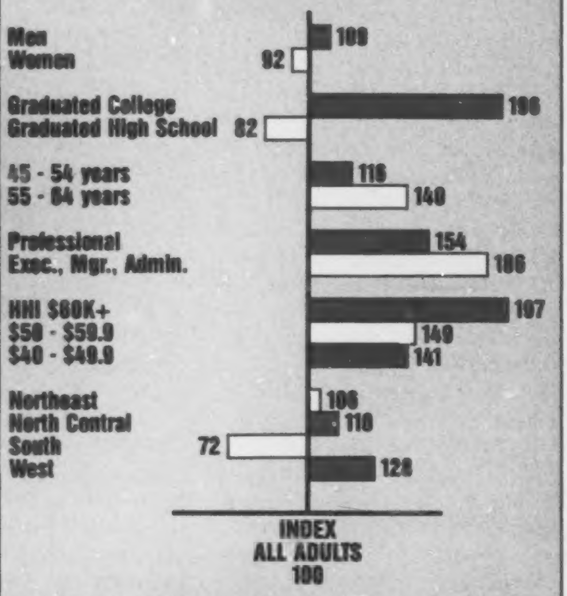
How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.



% of all Adults Having One or More Brokerage-Firm Accounts

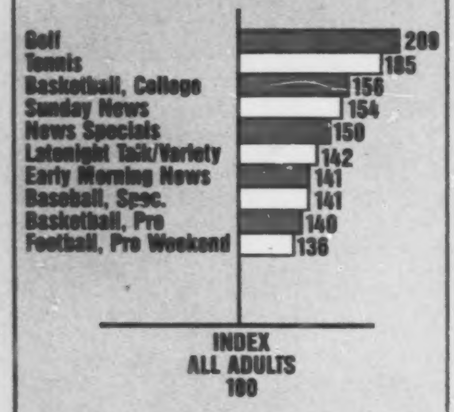
Mediamark Research Inc. Spring, 1987

KEY DEMOGRAPHICS OF BROKERAGE-ACCOUNT HOLDERS



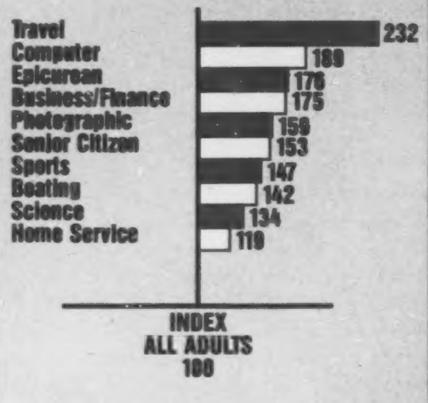
Mediamark Research Inc. Spring, 1987

PREFERRED TV PROGRAM TYPES
Among Brokerage-Account Holders



Mediamark Research Inc. Spring, 1987

PREFERRED MAGAZINE TYPES
Among Brokerage-Account Holders



Mediamark Research Inc. Spring, 1987

POINT/COUNTERPOINT/

VIDEOCASSETTE ADS: PAUSE OR PLAY?

COLLECTING THE FACTS

Videocassette recorders represent a bonafide new development on the American mediascape that Kraft wants to become more conversant with.

We know that at the end of 1987, penetration was 54% of U.S. television households. Significantly, this had grown over 50% versus just two years ago (31% of U.S. tv households in 1985). The highest television-market VCR penetration currently is in Reno, Nevada, at 77%.

We know from A.C. Nielsen that VCR penetration tends to parallel the incidence of our primary target consumers (women 25-54). In addition, VCR penetration is higher in households of working women and also households with pay cable. From this we conclude that we run a risk of losing target consumers if we depend solely on conventional media.

SMRB and MRI offer some valuable insights into user behavior:

- Rental/purchase of videocassette tapes has quickly become a very large business. Combined rental/purchase was estimated at just under $5 billion in 1987, +29% versus a year ago.
- The bulk of this is in rental, which is estimated to be six to seven times purchase levels.
- The average number of rentals is around 15-20 per year.
- Lighter tv viewers tend to rent.
- Both rental and purchase skew toward adults 25-49 and households with children.

We also know that VCR playback supplements regular tv viewing. The average household spends about 7.5 hours a day viewing television. Homes with a VCR play tapes about 45 minutes a day in addition to tv viewing time. This playback is both home recorded and rental. Most of the playback (55%) is concentrated on the weekend.

Our use of videocassettes to date has been promotional in nature. For example, we tested a "how-to" cooking video directed toward children in mid-1987. This was moderately successful, with unit sales approaching five figures.

The alternative use of tapes is as an advertising vehicle. One way to do this involves adding a commercial message to a movie tape in the manner done by Diet Pepsi with *Top Gun* in 1986. Another is to use the videocassette box as an advertising carrier in much the manner of a billboard. Kraft currently has no experience with either of these approaches.

The big concern about advertising on videocassettes, of course, has to do with "zipping." There is nothing to keep the videocassette purchaser/renter from fast-forwarding through your commercial message. We know from other sources that, with off-air recording, there is a big gap between recorded time and playback time — with playback estimated to be 30% less than what is recorded. The obvious casualties here are the commercial messages in the recorded material.

The key to making this work appears to be how well-matched the commercial message is to the subject matter of the movie "carrier." At a minimum, advertising effectively on videocassettes calls for a very deft selection of message and excellent production values to make it worth the viewer's time to watch the commercial.

The fact that many other major advertisers are looking into advertising on videocassettes — Chrysler, Nestlé, General Mills, Miller Brewing, Colgate, Gallo — argues for understanding how to take advantage of this phenomenon. It recently was noted that the number-one recreational activity among Americans was watching a tape on the weekend — at nearly twice the level of reading a book, going to a concert or movie, etc. Because viewing of videocassette material effectively removes a large number of GRPs from the market (one estimate was that over 3 million GRPs per month were "lost" to VCRs), advertisers need to be knowledgeable about this new advertising vehicle and how to use it to their advantage.

Stephen W. Rutledge is vice president of advertising for Kraft Inc.

OUR READERS TELL US . . .

While the majority of our agency media-department sample have yet to place an advertiser on videocassette, Research USA, Chicago, finds they almost all agree it is their responsibility to handle any such placements. (Base = 138.)

1. How much opportunity does home video offer to reach your target?

Excellent opportunity	8.0%
Good opportunity	26.8
Fair opportunity	47.1
Poor opportunity	18.1

2. What would be the most important factor in your decision to use home video for a client's ad?

Effective audience measurement	55.2%
Quantifiable CPM	22.5

MAKING THEM FLY

Home video and the market it is creating present not only an opportunity but also a big challenge. It calls on us to rethink and reshape all of our marketing efforts.

When Pepsi pioneered advertising on home video by putting Diet Pepsi's "Mustang" spot on Paramount's *Top Gun*, considerable care went into the planning. That initiative and the promotion surrounding it was a direct reflection of Pepsi's marketing philosophy and strategy, what we call "Big Event Marketing."

The Big Event is built on the principle that you *drive* consumption and not simply accept whatever rate of growth might exist on its own. We create big marketing events that capture the minds and the imagination of consumers, and we leverage that attention in the stores.

The *Top Gun* promotion succeeded because, from the very start, it met a set of strategic requirements that qualified it as a Big Event.

The element that started it all was the Diet Pepsi spot "Mustang": A thirsty fighter pilot uses a little creativity and skill to overcome a malfunction in his "refreshment system." With the blockbuster success of the film it worshipped (*Top Gun* had already grossed $200 million), we began to realize that "Mustang" had the makings of not just a Big Event but a genuinely unique one as well.

We worked with Paramount to put "Mustang" on every *Top Gun* cassette manufactured. They planned a major marketing and merchandising push behind the release, and we modified our television spot with a tag line that encouraged people to buy the tape.

Next, because of the joint effort, Paramount made the decision to release *Top Gun* at the lowest suggested retail priced ever asked for a major box-office hit, $26.95. Some retailers discounted it to as low as $19.95.

Finally, as a grand slam, we created a major sales promotion event for retail grocers around the *Top Gun* theme. Top prize was a trip to the Reno Air Races and a Mustang ride with that old Top Gun himself, Chuck Yeager.

In the end, we had a win/win/win situation. Pepsi won because the event drove our sales to record heights. Paramount won because the projected sale of 1.5 million cassettes became 3 million — the largest ever by far. And maybe most importantly, the consumer won because a great motion picture became available at a great price.

With *Top Gun*, we realized going in that we could succeed if, and only if, the benefit of our being there was evident to the consumer. We had to be sure that the consumer would agree that this is an appropriate place for us.

When *Top Gun* was released with "Mustang," we found that virtually none of the people who bought the tape were skipping the commercial. I think that is because the commercial was exciting, it was unobtrusive and it flowed naturally into the movie.

Home video is a new medium and potentially a powerful one. But it is also a medium that is possible to misuse. Just as the medium we use to advertise fish sticks isn't always right for financial services, not every product and not every spot is right for video.

Video requires great thought and planning for marketers. I don't think the consumer will be quick to forgive those who misuse it.

Michael K. Lorelli is executive vice president of marketing and national sales for the Pepsi-Cola Company.

National coverage of target	10.1
Ad environment	44.2
Other	7.2
None of these	1.4

3. Which home-video option do you consider to be the most appropriate for general advertising?

Theatrical releases	70.3%
Independent, exclusive-to-video productions	21.0
Advertiser-produced programing	13.8

4. Who should handle the placement of home-video ads?

Client	3.6%
Agency	90.6
Home-video consultant	9.4
Other	1.4
No answer	1.4

5. In what part of a home video is it most desirable to place ads?

Beginning	74.6%
Middle	21.7
End	2.9
Other	0.7
No answer	2.2

6. Do you need special creative for home video?

Yes	74.6%
No	23.2
No answer	2.2

7. Have you involved any of your clients in home-video opportunities?

Yes	12.3%
No	87.7

SALES PROMOTION

by Russ Bowman

IS "FREE" MAKING A COMEBACK?

Every May and October, the months when two major premium and incentive shows get underway, many of the country's sales-promotion professionals stop to take another look at what's going on in this world. This year, over 2,000 exhibitors displaying some 200,000 premiums will be showing from May 2 through May 5 at the Javits Convention Center in New York City.

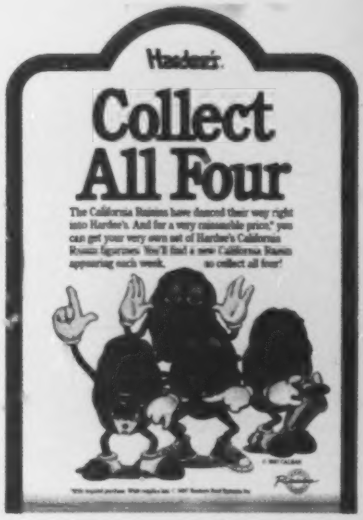
Premium reps and suppliers believe their method of motivating consumers is better for brands than a continuous flood of price-oriented tactics such as coupons and rebates. There are some signs that a more balanced menu of consumer incentives could be on the horizon.

A quick look back at not-too-ancient history shows that, according to a series of audits by D.L. Blair, premiums were the most used tactics about 20 years ago. Then, in the mid-1970s, coupons came on strong and have dominated the scene ever since (see chart on pg. 164).

A study of all freestanding-insert ads during the first quarter of 1988 turned up 30 different promotional ads offering premiums in one form or another. The following brief recap of this representative sample of promotion today shows that a surprising 18 out of 30 offers (60%) were free premiums and that all but seven of the premium ads also carried coupons. This quick survey tends to confirm what experts throughout the industry have been saying. For example, Debbie Hauss, editor of *Premium & Incentive Business* magazine, sees both regional, in-pack and free premiums as the big gainers in her industry. "In the last full year of our annual premium audits [1986], free premiums were up by 16.1%, a considerable difference vers[illegible]the overall industry average of [3.[illegible] Hauss states.

A fe[illegible]of the free premiums in the first qua[illegible]er '88 study include:

- A free baseball from Oscar Mayer (General Foods);
- A giveaway Olympic key ring from Clairol featured in a two-page magazine spread;
- A free pair of kid's sneakers from Kimberly Clark's Huggies for 24 proofs-of-purchase;
- And a nostalgic return to the kid's radio heroes of the 1930s and '40s with a free Captain Midnight Secret Squadron watch from Ovaltine.



Too cool: Over 15 million Raisins were sold at Hardees.

Free* Sneakers
From
HUGGIES
FREE
Captain Midnight
SECRET SQUADRON WATCH!
Classic OVALTINE
SAVE 25¢
SAVE 25¢
GET
FREE
TWA AIR MILES
SAVE 'EM OR TRADE 'EM FOR A GLAD CASH REBATE
GLAD
SAVE 20¢
SAVE 35¢
SAVE 25¢

Coupons and premiums give a double boost to Glad bags, Huggies diapers and Ovaltine.

Another unusual free premium story comes from the liquor industry, which generally runs either self-liquidating premiums or sweepstakes. J&B Scotch had been suffering a long-term share decline when they asked agency, Einson-Freeman to develop a promotion that initially would be used in New York to gain displays and consumer trial.

From 1985 to 1987, J&B Scotch ran an unusual series of consumer premium offers featuring free premiums for a single proof-of-purchase. Even more unique was the fact that the premium giveaway for each offer was worth more than the required purchase of one bottle of J&B Scotch.

The premium offer series included a VCR movie (retail value $49.95), a

SALES PROMOTION

credit-card-sized FM radio (retail value $29.95) and a Lorus watch (retail value $19.95).

Consumers were alerted to the offers by point-of-purchase displays with tear-off order forms instructing them to fill out the form and mail it along with a J&B label and a cash-register receipt. Bottle hangers providing promotion details were also displayed.

The results: A 10-year share decline in the New York market was halted, and the brand showed an actual case sales increase, while overall scotch category sales continued downward. The VCR movie promotion rolled out nationally in 1987 after the success in New York.

Another case history is found in the silver Reggie award winners named at last month's Promotion Marketing Association of America meeting. Hardee's, and its agency Ogilvy & Mather, picked up the honor for their work with California Raisins.

Hardee's faced a real problem, which it chose to tackle with the help of a premium. In terms of growth, the fast-food industry has suffered a bit of indigestion. Category growth slowed to a scant 5% in 1986, and fast-food chains have had to steal share from their competitors.

Hardee's is the third-largest hamburger fast-food chain in the United States (after McDonald's and Burger King). Faced with declining breakfast sales across the industry — and following the entry of McDonald's and Burger King into the breakfast-biscuit arena — Hardee's decided to launch a short-term promotion that would generate broadscale awareness and interest in its biscuit products.

The California Raisins promotion was designed to increase Hardee's breakfast and dessert sales throughout the month of October 1987. The company expected to increase system-wide sales by about 4.5% during the four-week program — an ambitious goal given the fact that everyone in the fast-food category, except McDonald's, was showing stagnant or declining sales. Hardee's hoped to generate additional sales from current customers and attract new ones.

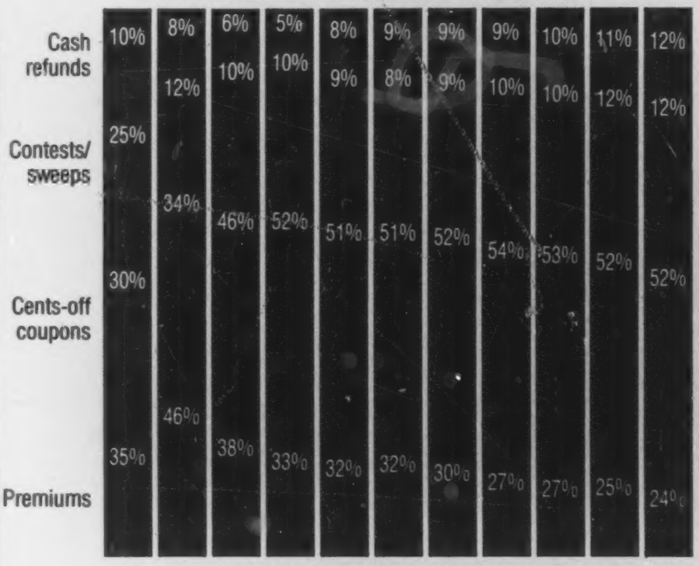
Hardee's decided to capitalize on the popularity of the California Raisin characters to promote its biscuits — a natural association since California raisins are used in Hardee's cinnamon-and-raisin biscuits. California Raisin figurines were sold with the purchase of Rise 'N Shine biscuits or desserts.

The Raisin figurines were promoted via tv, radio, newspaper and outdoor advertising. In-store materials included window decals, cash-register reminders, posters, tray liners, crew buttons, table tents and motorized displays. Local radio stations held contests to help fuel the California Raisin craze. Raisin characters made personal appearances in Hardee's restaurants and at major local events.

The results: October 1987 produced the single largest monthly year-to-year increase in Hardee's history. October dollar sales increased by an average of 18% versus the previous year, with some restaurants reporting as much as 30% increases. Fifteen million figurines were sold during the four-week promotion period, and traffic increased substantially. The promotion proved so popular that a Raisin hotline was created to help consumers get figurines after they were sold out.

In summary, it appears that promotion's most powerful word — "free" — may be competing successfully with promotion's next most powerful words, "save" and "cents-off." However, coupons have a strong value in immediate savings, with 70-80% household participation in the U.S. Except for the immediate gratification free in- or on-pack premiums (and occasional, rare free near-pack), mail-in premiums will have a tough time taking a big share from couponing. The more likely future route (at least for advertised promotions) will be the "overlay" combination of coupons and free premiums.

MAJOR ADVERTISED PROMOTIONS BY TYPE
Magazines, Supplements, and Inserts Only



Source: D. L. Blair Promotion Audit.
Note: Precise figures on sampling are not available.

]

ECONOMIC EYE

JUMPING JANUARY

Nighttime network tv took a giant leap with the average cost of a 30-second spot jumping 54% from $88,959 in Jan. '87 to $136,938 in Jan. '88. Though a spokesperson from BAR could offer no explanation for the increase, she did warn that costs would stay high in February due to the Olympics.

MAGAZINE AD SCORECARD

	Ad Pages March 1988	% change from March 1987	Dollars spent (000)	% change from March 1987
1. Skin Care, Creams, Lotions and Oils	204.34	−6.0%	$ 7,836.7	+6.9%
2. Lip and Eye Beauty Products	116.18	−12.7	4,215.6	−10.9
3. Scents and Fragrances	183.02	+21.6	4,333.5	+5.8
4. Facial Makeup Products	126.48	+22.1	4,949.5	+50.9
5. Prepared Dinners and Entrees (including Pizza)	50.12	−4.8	3,117.1	+14.8
6. Liquor	221.77	−17.3	9,049.8	−22.8
7. Cigarettes	559.30	−9.1	29,019.5	−7.7
8. Soaps and Detergents	47.78	+13.5	2,933.9	+18.8
9. Passenger Cars, Domestic	482.75	−8.0	22,989.8	−17.0
10. Passenger Cars, Imported	586.30	+13.1	28,277.4	+13.5

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100	1987														1988	
	June	% change	July	% change	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	[illegible]
Network TV																
Daytime	95	−1	98	−5	85	−11	83	−11	97	−6	91	−8	82	−4	78	[illegible]
Nighttime	112	+3	109	+2	113	+5	106	−0	110	+6	115	+8	111	+2	165	[illegible]
Spot TV																
Prime time	130	+9	138	+10	126	+4	124	+18	123	+3	123	+6	123	+6	–	[illegible]
Daytime	104	−1	108	−4	117	+7	102	+3	112	+2	113	+2	105	±0	–	[illegible]
Network radio	114	−1	102	−0	104	−1	106	+2	122	+6	112	+6	106	+6	134	[illegible]
Spot radio					103	+5					112	+9			–	[illegible]
Consumer magazines	109	+3	109	+3	109	+3	109	+3	109	+3	111	+4	113	+5	114	[illegible]
Natl. Sunday mags	103	+7	103	+7	113	+7	118	+14	106	+12	106	+12	106	+12	117	[illegible]
Business publications	111	+5	111	+5	111	+5	111	+4	112	+5	113	+5	113	+5	117	[illegible]
Newspapers	116	+7	115	+7	115	+7	115	+7	115	+6	115	+6	116	+7	124	[illegible]
Outdoor	114	+6	114	+6	114	+6	114	+6	118	+12	118	+12	118	+12	123	[illegible]

Notes: Percentage shown is relative change from the same month/period the year before.

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

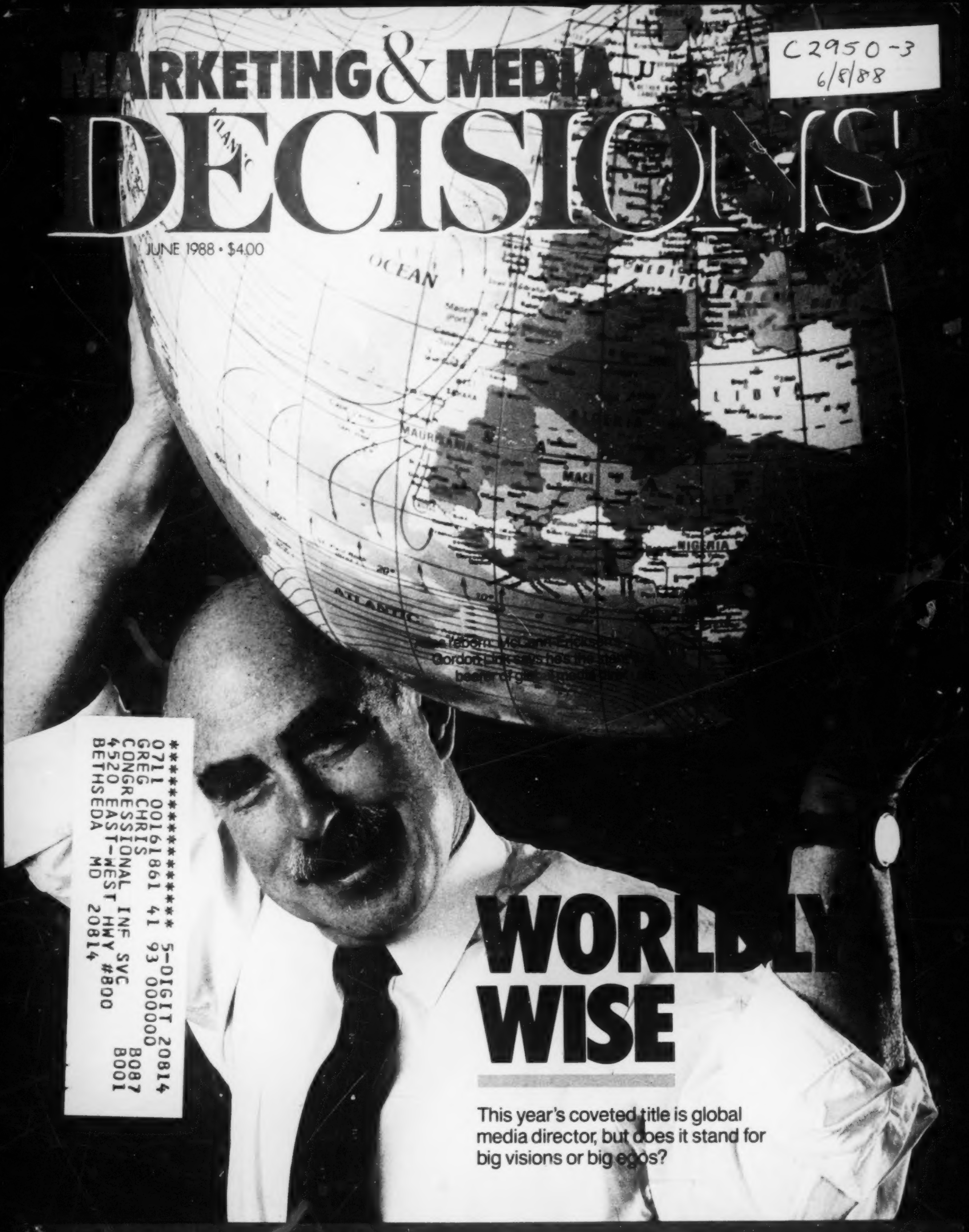
Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3
6/8/88

MARKETING & MEDIA DECISIONS

JUNE 1988 • $4.00



[illegible] reborn: McCann-Erickson's Gordon Link says he's the standard bearer of global media [illegible]

****************** 5-DIGIT 20814
0711 00161861 41 93 000000
GREG CHRIS B087
CONGRESSIONAL INF SVC B001
4520 EAST-WEST HWY #800
BETHSEDA MD 20814

WORLDLY WISE

This year's coveted title is global media director, but does it stand for big visions or big egos?

NEWSPAPER BRAND LEADERS • COOKIN' WITH KRAFT • CUSTOM PUBLISHING

MARKETING & MEDIA DECISIONS

COVER STORY

THEY'VE GOT THE WHOLE WORLD . . . 54

It's World War III as major agencies argue over which was first to create media's new top title, global media director. They obviously agree on one thing: Tomorrow's top agencies will be those that can carry the whole world in their plans.

FEATURES

BUDDY, CAN YOU SPARE A JOB? 35

Pity this year's college grad. While seasoned planning talent is finding an open door, the job outlook for entry-level candidates is grim. *Decisions* surveys the job scene and polls the big agencies around the country on their media hiring plans.

DO-IT-YOURSELF PUBLISHING 39

Despite high costs and soft research, Xerox, Chevrolet, Merrill Lynch and Johnson & Johnson are among the marketers that feel custom-made magazines are worth the investment.

THE WHIZ-ZARDS OF KRAFT 48

The creators of Cheez Whiz are moving back into the kitchen to concentrate on their strength: cooking up new and better food-marketing success stories.

SPECIAL REPORT: THE 1987 NEWSPAPER BRAND LEADERS 65

It was a solid year for newspapers, but publishers are going to have to continue working double-time to assure continued growth. The latest trends and tactics of the oldest medium are examined, and the year in numbers, based on Media Records' annual report, is analyzed. Included are the top 100 corporate advertisers, five-year investment histories of the top three brands in each of 50 national advertising categories and total investments, 1987 versus 1986, for 37 categories and 90 sub-categories. Also, automotive, cigarette and travel spending are examined in depth.

ROLLING WITH THE POSTAL PUNCH 99

Ouch! No one felt the bruising of the big postal-rate jumps as much as direct marketers. While they left some scrambling for survival, they also led many to new ways of doing business.

BRAND REPORT 153: COOKIES & CRACKERS 123

Sales of cookies and crackers have grown at an annual rate of 11.7% since 1982, but there have been a few broken bits along the way. ("Brand Report Index," pg. 140.)

DEPARTMENTS

PRO FILES 4

Bristol-Myers moves a marketing man into the president's office, and a 25-year Young & Rubicam veteran takes the spotlight in that mega-shop's media department.

UPDATE 10

As Percy takes his tentative first steps, the ratings race shifts gears to commercials. Also, the cruise industry launches on tv in a big way.

PRINT BEAT 17

What college kids read . . . New York Woman calls for more retailers . . . evaluating magazines in public places . . . newspaper ad rates rose more slowly last year.

DEBUT 22

Second Wind will demonstrate that life indeed begins at 40, and the International Advertising Association's magazine is in search of some advertising of its own.

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After adding in its Eicoff division, Ogilvy & Mather Direct moves to the top of the direct-marketing-agency scorecard.

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DIRECT MARKETING

by Rebecca Fannin

O&M HOPS DIRECTLY TO THE TOP

The race to be the largest direct marketing agency has heated up anew with the recent release of 1987 direct-response billings by the Direct Marketing Association. In the ranking, which is based on agencies reporting fees and commissions only, Ogilvy & Mather Direct leapfrogged past Wunderman Worldwide to claim the top spot with $260 million in revenues. But Wunderman, a Young & Rubicam subsidiary, is very close behind with $259.9 million.

Another interesting twist: With this release, O&M has restated its 1986 results to incorporate its A. Eicoff & Co. division so that it also boasts the pinnacle position that year. O&M Direct's new figure for 1986 is $240 million, not the earlier reported $207 million. Wunderman, as a point of reference, reported $224 million for 1986 billings.

The ranking for third place proved newsworthy too. With the acquisition of Krupp/Taylor USA, which was merged with Foote, Cone & Belding Direct, FCB moves way up to third from eighth position during 1986. Its billing soared nearly $100 million to $177 million in 1987.

Among the top 10 direct marketing agencies, according to the DMA, there is only one not affiliated with a major advertising agency. That direct-response agency Barry Blau & Partners Inc., while squeezing billings up $10 million to $74 million, actually slipped in the rankings from eighth to ninth position.

Among those that were bumped aside, Huntsinger & Jeffer, Inc. failed to maintain its ranking among the top 25 largest direct-response shops. Huntsinger has moved back six notches to 31st place, with a slight billings decrease from $15.5 million in 1986 to $14.1 million.

And Saatchi & Saatchi DFS Direct also fell out of the top 25 listing. During 1986, it boasted 21st place with $17.9 million in billings. Last year, the Saatchi affiliation came in 35th and had $13.1 million in billings.

New to the top 25 listing this year are Direct Inc. at $20 million, Cramer-Krasselt/Direct at $16.8 million and Clark Direct Marketing at $16.7 million.

Meanwhile, the billings required to make the top 25 increased to $16.8 million. For 1986, the figure was $15.5 million.

Among a second group of direct-marketing agencies that report internal production revenues as part of their total billings, the Direct Marketing Group maintained its number-one position in 1987 with $149.8 million. The Direct Marketing Agency had a slight billings slip to $55.3 million but still hung on to its second-place finish.

Direct Response Advertising Agencies
U.S. Gross Billings

AGENCIES REPORTING FEES AND COMMISSIONS ONLY •	BILLINGS (IN MILLIONS) 1987	BILLINGS (IN MILLIONS) 1986+
1 Ogilvy & Mather Direct	260.0	240.0
2 Wunderman Worldwide	259.9	224.5
3 Foote, Cone & Belding (1) (2)	176.7	N/A
4 Marcoa Dr Group, Inc.	119.2	110.0
5 Grey Direct International (3)	103.0	94.0
6 Rapp & Collins USA, Inc. (1)	101.4	80.1
7 Kobs & Brady Advertising, Inc	85.3	81.8
8 Chapman/Stone & Adler, Inc.	75.0	97.0
9 Barry Blau & Partners, Inc.	74.3	63.0
10 McCaffrey & McCall Direct Marketing	64.3	51.5
11 Omni Marketing Inc	57.0	46.0
12 McCann Direct (4)	54.6	41.8
13 Lowe Marschalk Direct Marketing	51.0	41.2
14 GSP Marketing Services	41.7	34.4
15 Bozell, Jacobs, Kenyon & Eckhardt Direct	40.1	36.7
16 Ayer Direct, a Division of NW Ayer Inc.	33.4	37.0
17 Gillespie Advertising, Inc	28.5	24.5
18 Lawrence Butner Advertising, Inc.	27.2	24.3
19 Lintas Voss Campbell Ewald Ceco	26.5	25.8
20 Karl Rove & Company	23.3	16.8
21 J. Walter Thompson Direct	22.9	21.7
22 Direct Inc.	20.2	15.3
23 Ketchum Direct	20.0	25.0
24 Manus Direct Response Marketing	18.0	11.5
25 Cramer Krasselt/Direct	16.8	10.7

• Audit available on reported figures
1) Does not include internal production revenue
2) 1987 merger, no figures available for 1986
3) 1986 includes Minnesota, 1987 does not
4) 1986 NY only

Source: Direct Marketing Assn.

BUDDY, CAN YOU SPARE A JOB?

While seasoned talent is in demand, new grads will have a tough time getting in the media-department door this year.

PHOTOGRAPH BY MARIA FERRARI/GRAPHIC BY DAVE SPERANZA

by David Kalish

Now's the payoff: After four long years of all-night study marathons and bottomless mugs of coffee, America's newest crop of college graduates has earned the right to toss their mortar boards in the air and let everyone know that, yes, they are now available to solve the world's problems.

But for job candidates bound for the agency media business, the congratulations may be a bit premature. Ad agencies, stung by tight clients and a business climate that encourages conservative hiring practices, are increasingly filing entry-level résumés in dust-covered folders marked "future reference."

"The major agencies responsible for most entry-level jobs probably will continue to curtail their hiring across the board," says Susan Lilley of Glass & Lilley, a New York-based recruitment firm. "Now it's particularly difficult because the top 10 agencies have always hired the most."

That scenario is borne out by a recent *Marketing & Media Decisions* survey of top advertising agencies across the country. Roughly one third of the big-billing agency offices — where most of the hiring takes place — said, compared to last year, they are hiring fewer June college graduates for their media departments. Overall, while a smattering of the total 85 responding shops report hiring more entry-level media candidates, the best the vast majority can say is they are maintaining current staff levels.

The two most oft-cited reasons for the downturn are a less-than-hospitable economy and continued fall-out from merged agencies that, amid client defections and redundant services, are trimming staff and consolidating departments. The hiring curtailment is especially pointed in New York City, where the merger wave and ripples from the October stock-market crash continue to dampen job prospects. "It's tough out there for people just coming out of school," sympathizes Howard Nass, senior vice president and group media director at N W Ayer in New York. "Because of the mergers and the number of people they put out of work, there's a reluctance among people to leave their jobs."

There's simply less room at the bottom. Unnerved by horror tales of veteran coworkers pounding the pavement, middle-level media employees are just thankful they still have a job. Characteristically, employees at Young & Rubicam's 250-member media department in New York seem to be doing everything short of chaining their personal calculators to their desks. "Turnover has not been nearly as great in the first three months of this year as in the past," says Y&R's Gary Pranzo, executive vice president and director of communications services.

Roger Bumstead, senior vice president in charge of media services at Jerry Fields Associates in New York, offers this warning: "Anybody in New York would be smart to think twice about staying — go to Philadelphia, Cleveland, Chicago, Detroit or Los Angeles, any top 50 ADI other than New York. There's much more activity outside New York among the mid-sized regional players."

Conversely, while this may not be the best of times for newcomers to the job market, agencies say when it comes to qualified senior-level media people, they simply can't find enough. Roughly 33% of the $100-million-plus-billing shops in the *M&MD* survey said they plan to hire more media buyers, planners and researchers this year. Yet it sounds easier than it actually is: Agencies across the board are having a tough time attracting qualified management candidates, observers note. "I have a $60,000 time-buying specialist opening and have had but one response for the job," complains Bumstead. "There's nobody around. The people who are good at it are employed and well-paid."

There's an equally sad side to the hiring outlook: jittery employees who decide they can't take it anymore. "If anything, people have been leaving the industry at the planner level, seeing that there isn't long-term potential in the industry," insists Lilley, who notes there is a dire need for such employees. "They're re-evaluating their careers in the advertising business."

Some say the skewed job situation in some ways gets worse outside the major job markets of New York and Chicago. "New York is far and away ahead of the West Coast" in paying top salaries, explains Laura Murphy of Baeder Murphy Chiu, a recruitment firm based in Los Angeles. A shortage of qualified West Coast candidates is rampant among planning positions, which unlike senior-level spots are not considered worth the expense of recruiting all the way from New York.

Of course, that news is welcome for middle-level job prospectors. For one, Los Angeles agencies are trying to bring their salaries in line with their counterparts in the Northeast. Recruiters note that salaries for job newcomers on both coasts range from $10,000-17,000, with media planners generally earning from $15,000-30,000. Salaries for middle managers top out at $50,000, while associate media directors can earn double that. Media director spots, for which qualified candidates are the toughest to attract, often command bulging six-figure salaries.

For entry-level candidates around the country, if it wasn't for opportunities at some of the larger mid-sized shops, the employment picture would be downright dismal. Experts say these agencies are doing a disproportionate amount of the hiring, thanks in part to the defection from mega-agencies of clients seeking to avoid conflicts.

For example, plans at Hill, Holliday, Connors, Cosmopulos in Boston, a $250 million shop, include beefing up the agency's 40-person media department by 10% to 15% this year. In addition, media salaries have been bolstered to bring them more in line with other HHCC departments. "We want to make it as attractive as possible," explains associate media director Rowena Alston. "We are growing as a result of new billings."

New York recruiter Lilley predicts slim pickings for this year's graduates.

Still — and this should come as no surprise — the vast majority of hiring continues to be done by the larger agencies. While roughly the same number of under-$100 million shops responded to our survey as did shops in the $100-

THE MEDIA EMPLOYMENT PICTURE

Mega-mergers. The PC. In-house media departments. Buying services. Multiplying media options. Declining ad dollars. Increased promotion spending. These and other influences are shaping the job outlook for media professionals at America's ad agencies. *Decisions* polled media directors around the country to put the media career picture in focus.
(Base = 85 agencies)

1. What are the approximate billings of your shop?

Under $10 million	2.4%
$10-50 million	25.9%
$50-100 million	17.7%
$100-500 million	47.1%
Over $500 million	5.9%
No response	1.2%

2. How many people are employed in your media department?

1-5	22.4%
6-10	16.5%
11-20	11.8%
21-50	31.8%
Over 50	17.7%

3. In which region is your agency located?

Northeast	44.7%
Southeast	10.6%
Midwest	29.4%
South	0
Southwest	3.5%
West Coast	7.1%
Multi/No response	4.7%

4. How many June graduates do you expect to hire for the media department this year?

0	40.0%
1	17.7%
2	16.5%
3	4.7%
4	3.5%
5	2.4%

$500 million range, these smaller agencies plan to hire merely one-fifth the quantity of employees. Another finding bears out a geographic given: Most of the hiring is being done by agencies in the Northeast. In fact, Northeast media departments surveyed plan to hire roughly equal the number of workers as the total of those being sought by shops in all other regions of the country.

Burnett's Hadlock goes full speed ahead with hiring plans.

However, this should not diminish the significance of the industry's apparently surprising strength in economically stricken sections of the nation. Agencies in depressed oil-patch states say their area's business climate has yet to dramatically affect billings or hurt hiring plans. "The ad agencies are holding their own very well. Obviously budgets have been cut. Hiring might be on hold, not that I can see that affecting the media department," maintains Stan Poog, president of Stanley & Livingston, a Dallas-based recruitment firm. "Media has better job security than other departments," such as creative.

Echoes Tracy-Locke's Judy Miller, senior vice president of media buying, "You hear horror stories elsewhere. I'm not sure how much of it's true." With the Dallas shop's business spread around the country — clients include Taco Bell, Frito-Lay and Pepsi Bottling — billings are insulated against regional downturns. Says Miller, "We staff for the valleys, not the peaks."

In the Southeast, emboldened observers predict the resurfacing of hiring plans put on hold due to the unnerving advertising atmosphere. "They've been working very, very lean," notes Hugh Lovewell of Atlanta-based recruiter Lovewell & Associates. "Everyone's been sitting on their hands saying, 'How much worse can it get?' " That prediction may already be bearing fruit. Fully more than half of the southeast agencies polled said they plan to bolster the size of their media planning departments this year. Typical is Atlanta's McCann-Erickson, which just hired three new middle management people, thanks to an influx of billings, including new business from Coca-Cola, Bank South and the Tennessee Valley Authority. "The overall picture of the agency in Atlanta is very positive," boasts office manager Theresa Williams.

Entry-level positions aside, the situation is similarly upbeat in the Midwest. Roughly half of polled agencies in that region said they would increase their media-buying staff this year, with slightly fewer saying they would also beef up planning and research.

For newcomers, the outlook is far less promising. Yet there are bright spots. College graduates looking to crack the Chicago market are advised to apply to Leo Burnett, whose annual hiring goal of about 50-60 beginners remains unchanged this year. "Most of our [management] people are homegrown," says Willard Hadlock, executive vice president of media.

Of course, there's more than one way to crack a thick-shelled market. If you're truly set on breaking into media, the experts strongly advise a résumé listing some internships or other on-the-job experience. As Burnett's Hadlock says, "A school we're not running, a business we are." Should you be fortunate enough to land an interview, flaunt your enthusiasm: If the idea of juggling Arbitron ratings and Simmons surveys doesn't warm your blood, perhaps you're in the wrong business. Above all, learn to be proud of your persistence, fruitless though it may be — it doesn't hurt to clear a large space on your wall for those personalized rejection slips. ■

10 or more	5.9%
Unsure	9.4%

Compared to last year, this is:

More	8.2%
Less	16.5%
Same	68.2%
No response	7.1%

5. At what starting salary do you plan to hire new employees?

$10,000-$15,000	37.7%
$15,000-$20,000	50.6%
$20,000-$25,000	3.5%
More than $25,000	0
No response	8.2%

6. At what educational level will you hire most of your new employees?

High-school degree	0
College undergraduate degree	88.2%
Graduate degree	7.1%
No response	4.7%

7. All other things being equal, which college graduate would you consider as a candidate first?

Liberal Arts major	30.6%
Advertising major	54.1%
Business major	12.9%
Other	2.4%

8. What are your hiring plans in the following areas for the next six months?

Media buying	
Increase staff	23.5%
Maintain staff	72.9%
Reduce staff	1.2%
No response	2.4%
Media planning	
Increase staff	32.9%
Maintain staff	63.5%
Reduce staff	1.2%
No response	2.4%
Media research	
Increase staff	12.9%
Maintain staff	82.4%
Reduce staff	1.2%
No response	3.5%

MARKETING & MEDIA
DECISIONS

The 1987 Newspaper Brand Leaders

by Amy Alson

At newspaper industry gatherings this year, no word has been uttered more often or more purposefully than "flexibility." It seems that advertisers now are more willing to work with newspapers because newspapers are ready to work with them. Increased pricing flexibility, wider acceptance of standardized advertising positions and invoices as well as technical advances in the transmission of ads are among the new tools that the industry now has at its disposal. Says Bud Shields, newspaper-buying supervisor at Lintas:Campbell Ewald in Warren, Mich., of newspapers: "They are becoming easier to use all the time."

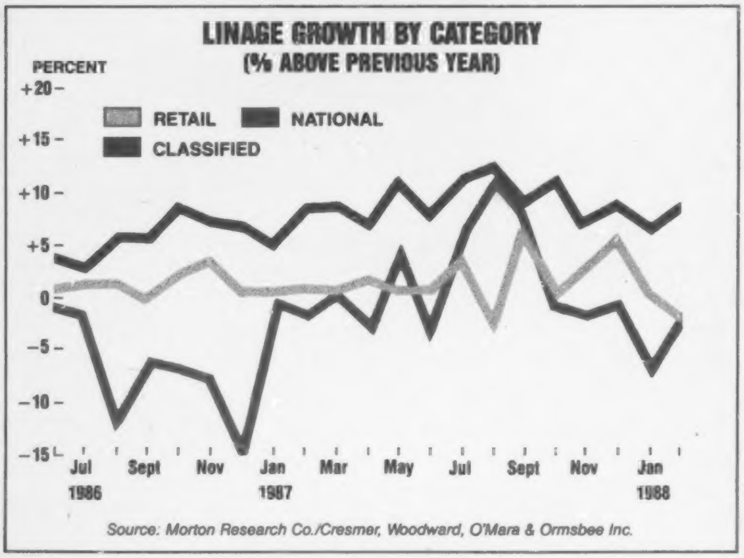
Yet the business still is haunted by cries of past years. In a survey of 75 leading national-advertising decision makers, independently conducted by marketing consultant Bill Weibacher for the industry's Future of Advertising project, the consensus was that newspapers cost too much, are too hard to use and are difficult to evaluate.

The apparent difference this year is that publishers are trying to work together to change that perception, and to some good effect. Newspapers' share of the nearly $110 billion spent on advertising last year was 26.8%, or $29.4 billion, up 9% from $27 million, or 26.4% share of the $102 billion total in 1986. The rise ends several years of no growth in market-share, according to figures compiled by the Newspaper Advertising Bureau, Inc. (NAB). Total circulation also increased slightly, to 63 billion, after two years of decline.

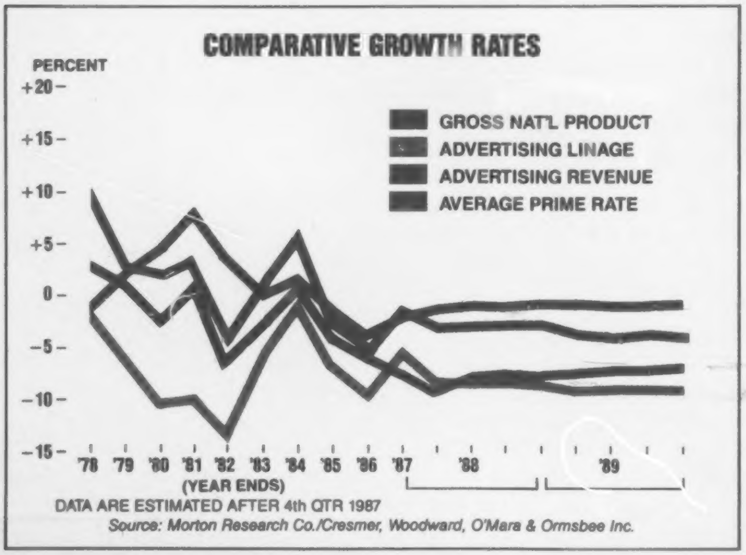
Of the $29.4 billion industry ad total, classified continued to show the fastest growth, with a 15% gain to $10.7 billion. Retail advertising rose 6%, to $15.2 billion, while national advertising was up only 4% to $3.5 billion. Newspapers' share of national ad dollars, however, jumped to 11% in 1987 from 6% in 1986, according to the NAB.

A continued market-share gain for newspapers in 1988 is less certain. The other media are attacking in areas that have been newspapers' strongest source of revenues. Classified-advertising profits, for example, could be squeezed by aggressive publishers of free-standing inserts, and even by telephone companies' planned electronic directories, which could include classified as well as yellow-pages advertising. Other media are chasing local retail-advertising dollars after years of catering to national marketers.

Meanwhile, rising newsprint costs and aging production facilities impel publishers to invest in plant improvements or new production, distribution and delivery methods. The Eastern U.S. list price for a metric ton of newsprint rose to $610 from $570 last year, and on the first of this year, it rose to $650. Of the more than $3 billion spent on newspaper plant construction, improvements and facilities in the U.S. and Canada over the past three years, more than $1 billion was laid out in 1987, according to the American Newspaper Publishers Association (ANPA). Even the great gray lady of Gotham, the *New York Times*, plans to add ROP color to its Sunday edition by 1990, company president Walter Mattson told ANPA in April.


LINAGE GROWTH BY CATEGORY
(% ABOVE PREVIOUS YEAR)

Source: Morton Research Co./Cresmer, Woodward, O'Mara & Ormsbee Inc.


COMPARATIVE GROWTH RATES

DATA ARE ESTIMATED AFTER 4th QTR 1987
Source: Morton Research Co./Cresmer, Woodward, O'Mara & Ormsbee Inc.

Craig C. Standen, president of the NAB, told the same annual meeting that for 1988 he anticipates slower growth for newspaper advertising, though it will continue to outpace "moderate but real growth" in the overall economy. The NAB estimates a total gain of 8% to $31.7 billion for newspapers in 1988, of total advertising expenditures exceeding $119 billion.

Standen adds that growth in retail advertising should continue at a 6% rate to $16.2 billion. National advertising is expected to gain faster and rack up a 7% increase for a $3.8 billion total revenues. Classified, meanwhile, will grow more slowly than last year, with a 9% growth increase to $11.7 billion, Standen says.

However, industry analyst John Morton of Lynch Jones & Ryan says in his spring report for Cresmer, Woodward, O'Mara & Ormsbee Inc., an independent newspaper advertising sales firm, "While the economy continues to show strength and retail sales have at least been respectable, newspaper performance has been soft" so far in 1988. He expects an overall volume increase of 3%, including preprinted inserts.

Based on a survey of newspaper companies representing nearly one-third of total national daily circulation, Morton says classified linage this year has grown only 6% to 8%, and retail linage is either flat or falling. He attributes the weakness in part to a reluctance to spend on advertising following the October 19 stock-market crash. Hurting retail advertising, he suggests, was management uncertainty at major department store chains as Campeau Corp. and R.H. Macy Co. battled for the operations of Federated Department Stores.

The newspaper industry's Future of Advertising committee's three-year-old effort to attract national advertising progresses slowly. FoA is a joint project of the NAB and ANPA; its national-advertising project is guided by a Sales Structure Task Force organized into five "sales teams," each comprised of an NAB representative and a senior sales executive of an ANPA newspaper. Each team is assigned to a target account. On the bright side, a first commitment has been won: American Express Co. has agreed to place a national campaign in newspapers to promote its corporate credit card.

Not yet announced at press time, Federal Express of Memphis, Tenn., is believed to be the second major advertiser targeted by the FoA to agree, with its agency Fallon McElligott of Minneapolis, to use newspapers in a national campaign. Other FoA-targeted advertisers, not yet publicly identified, include one national brand marketer in each of the following industries: over-the-counter drugs, fast food and beer.

In addition to the FoA's drive, technical advances in the transmission of advertisements make it much easier for national marketers to use newspapers for national campaigns. Ad/Sat, a system that transmits ads by satellite, began operating in January, with a network of 114 newspapers nationwide. Ad/Sat enables advertisers to send a camera-ready ad to many newspapers, simultaneously, in minutes. Reproduction quality is very high, and the speedy delivery system is useful to time sensitive advertisers. Retailers including Lord & Taylor and Radio Shack are among Ad/Sat's regular customers.

In the retail department, which accounts for more than half of industry revenues, newspapers have mixed news to report. They have been losing business to low-CPM direct-mailers, like shared mail which combines multi-advertisers in one package. Mailers are a $1.1 billion industry, compared with newspapers' total local display billings of $15.5 billion. Local advertising on tv and radio combined garnered $12.6 billion. The publishers won a victory over the mailers in April, when the Post Office's new rate structure made third-class direct-mail advertising 26% more costly (see "Direct Marketing, May 1988, pg. 30).

But newspapers' high cost per thousand is one of the biggest disadvantages the medium's sellers face. The FoA Pricing and Positioning Task Force, headed by Jerome S. Tilis, president of the *Detroit Free Press*, has again recommended that newspapers adopt standard volume discounts for national advertisers. This year it said they also should adopt repeat rates over and above volume discounts for a limited time period to encourage continuity advertising and compete with broadcast "flighting," or serial-advertising campaigns. Tilis again encourages publishers to review their national/local rate differentials. According to the American Association of Advertising Agencies Inc.'s survey of 1,000 dailies, national advertisers in 1987 paid 66% more, on average, than local retailers, and the differential ranges from 46% at the small-circulation papers to 92% at the largest.

WHAT'S WRONG WITH THIS PICTURE?

(HINT: KANSAS CITY HAS BEEN OVERLOOKED)

Total retail sales: Top 30 markets

Overlooked? We're used to it, even though we're a booming retail market, leaving places like New Orleans, Cincinnati, Milwaukee and Orlando waiting in line.

Even some major marketers have made the mistake of leaving out Kansas City when they make top 20 or 30 buys. But the ones who have looked closely at national rankings and at the vitality of the Kansas City market know better. They know that among other things, KC is a Top-30 performer in auto sales (#20), food & supermarket sales and purchases of petroleum products.

KC also places considerably above the national average in purchases of alcoholic beverages, appliances and insurance.

Once you've discovered KC, choosing the most effective ad medium is easy: It's The Star & Times. Our Sunday readership alone (753,000) humbles the competition. Weekdays, we reach two-thirds of households with $50,000+ incomes.

Before you put together your marketing plan, look closely: If you've overlooked Kansas City there's something wrong with that picture. Call our general advertising manager, Jack Hines, at 816-234-4179 today for more on the must-buy KC market.

Sources: SBP '87, National Planning Data Corp. and Belden Associates - represented nationally by Cresmer, Woodward, O'Mara & Ormsbee Inc.

CHECK THE SOURCE
The Kansas City
Star & Times

Special rates also are recommended for important advertising categories that tend not to use newspapers much, like beer and over-the-counter drugs. Newspapers get less than 3% of the total ad dollars spent in these categories. Cutting rates in these areas can't hurt the industry, Tilis says: "After all, you can't lose what you don't have."

Buyers, too, are trying to create new discount windows. Bud Shields at Lintas:Campbell Ewald says he has informed major newspapers he deals with that he is interested in "highly discounted remnant space" left blank when an ad is cancelled late. The papers have responded by calling him when such space is available, Shields says. But he adds that it's difficult to take advantage of such low-cost space because it must be done quickly and none of the clients he services, including General Motors Corp. and Eastern Air Lines Inc., authorize him to make such last-minute buys without seeking approval first.

An advertiser-driven discount plan designed to attract national packaged-goods marketers was designed by Young & Rubicam in 1986. This year, the Newspaper Advertising Sales Association (NASA) has been steadfastly promoting such plans, now offered by about 280 newspapers, to 12 targeted, national packaged-goods marketers. Roy Blackfield, president of NASA and chairman of Sawyer-Ferguson-Walker, an independent newspaper representative firm, says among the 12 target advertisers, Seagrams is testing a campaign in newspapers offering packaged-goods rates on the West Coast. NASA reps were cautiously hopeful that a May 17 meeting with Nabisco could result in additional visible results.

On average, packaged-goods rates are 40% lower than national, but 25% higher than retail, and require a 13-time quarter-page minimum commitment. Steven L. Seraita, vice president, sales and marketing at Branham Newspaper Sales, also an independent representative firm, says, "Packaged-goods dollars are virtually non-existent, because there's not sufficient evidence that ROP works better than inserts."

Even an advocate of newspapers on the buy side, Bud Shields, says the food advertising he places goes primarily to free-standing inserts (FSIs). Lintas client Bil Mar Farms raises and processes turkeys for distribution reaching to the West Coast from its Michigan base. Bil Mar aims to build national distribution and is currently moving southward, Shields says. To introduce the brand to new markets, he says, FSIs offer "four-color, plus the coupon, and the cost [CPM]" is much lower than newspaper ROP.

In addition to focusing on cost concerns, publishers have responded to protests that newspapers are more difficult to use — and to use creatively — than other media. The most dramatic evidence of the industry's newfound flexibility is acceptance of the "island position" for certain ads. The NAB has been promoting the position, floated amid the New York Stock Ex-

LET'S TALK SHOP

Recent syndicated studies clearly show that the St. Petersburg Times reaches more buyers in nearly every product category than Tampa Bay's second newspaper, the Tampa Tribune. We feel the numbers speak for themselves.

If your target audience is the people who buy your products, you need to talk shop with Tampa Bay's largest shopping medium — the St. Petersburg Times.

General Advertising 813-893-8249
Represented nationally by CWO&O

St. Petersburg Times — Tampa Bay's Best Shopping Medium

	Number of Metro Area Purchasers	% of Purchasers in Metro Area Who Read			
		Daily Times	Daily Tribune	Sunday Times	Sunday Tribune
Total Adults	1,510,100	**44%**	32%	**49%**	37%
New Car Buyers	701,100	**51%**	35%	**53%**	38%
Principal Food Buyer	946,900	**45%**	30%	**50%**	35%
Color TV Buyers	244,800	**42%**	35%	**46%**	40%
Men's Clothing Buyers	1,003,900	**45%**	35%	**50%**	40%
Women's Clothing Buyers	1,034,200	**45%**	33%	**51%**	38%

Source: Scarborough Research Corporation, The 1987 Scarborough Report.

St. Petersburg Times
Tampa Bay's Largest Newspaper

change tables, for more than a year; 238 newspapers with total circulation of 18 million now take it, enabling marketers to place uniform national or targeted local buys. In March, National Car Rental Inc. became the first national advertiser to use the position, with a 16-market, nine-month campaign costing more than $2 million that was arranged by the NAB and National's agency, Chiat/Day Inc.

Other print media, meanwhile, intend to capitalize on newspapers' high basic CPM in their appeals to newspaper's longtime revenue base — local retailers and automobile dealerships and others with access to co-op ad funds. The McCall's/Working Woman Group, owned jointly by Time Inc. and Dale W. Lang, is selling metropolitan "spots" in four national magazines: *People*, *McCall's*, *Working Woman* and *Working Mother*. The venture, called ADI Networks, clearly targets women. The network's sales pitch stresses its cost advantage over metropolitan newspapers.

Newspaper sellers are aware that competing media are focusing on their franchise with local markets. Instead of counter-attacking, Branham Newspaper Sales released in April a study conducted by Simmons Major Market Research Inc. of the "value added" by newspapers to spot-tv advertising. The study suggests the two media work better in tandem than either does alone, says Steve Seraita of Branham. It is the core of Branham's marketing strategy this year The company will place ads in non-client newspapers in order to complete an advertiser's local-market plan, Seraita says.

The classified section flourished last year, to be sure. Last fall, John Morton, industry analyst at Lynch, Jones & Ryan of Washington, D.C., called classified "the savior of many newspapers." At the same time, he expressed concern for the section's future growth: "Now that classified contributes nearly 40% of ad revenue, it has become the industry's Achilles' heel." If the economy slumbers, the hardest-hit categories are likely to be real-estate, help-wanted and automotive — the bulk of classified.

Standen of the NAB noted that in 1987 real-estate classified ad linage grew by 12% in the Northeast but fell 9% in the South, reflecting those region's economies and newspapers' dependency on them.

This year, publishers expect a big challenge to classified from phone companies' aggressive push into electronic information services, while cable and local-tv and free-standing inserts have already invaded this highly profitable turf with televised real-estate "showcases" and low-CPM vehicles such as "buying guides."

For newspapers, meanwhile, classified is becoming easier to place via new sources of funds and new technology. Co-op ad funds are increasingly eligible for use in classified sections. The NAB, with the Association of Newspaper Classified Advertising Managers (ANCAM) and the Newspaper Advertising Co-op Network, has been developing a comprehensive classified co-op sales program; a report of recommendations is due this month.

On the technology front, ANCAM designed a standardized classified ad format late last year that has been tested by the *Chicago Tribune* this year and will be recommended for approval by ANCAM this month. David Williams, classified ad manager for the *Trib* and chairman of ANCAM's committee for remote entry of classified ads, says that several dozen papers already accept remote-entry of classified ad copy, and software has been tested that enables users to convert ad copy to the ANCAM format and automatically transmit it to newspapers. In July, the standard will be introduced to the ad-sales community at the International Newspaper Advertising and Marketing Executive's conference in Toronto.

Broad acceptance of the standard classified format would be just one more demonstration of the newspaper publishers' recognition that, while they must compete among themselves, the toughest challenges come from other media. ■

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national advertisers get the same volume discounts as local advertisers with no restrictions!

Now you can economically dominate the ONE-MILLION ADULTS IN THE COLUMBUS MSA WITH ALMOST $16-BILLION EFFECTIVE BUYING POWER as *The Dispatch* delivers

55% OF THE MSA ADULTS DAILY AND 73% ON SUNDAY.

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The Columbus Dispatch
Morning & Sunday

Represented nationally by
Cresmer, Woodward, O'Mara & Ormsbee, Inc.

AD SAT
SUNDAY

Source: Scarborough's 1987 Newspaper Audience Ratings Study

1987

Newspaper Brand Leaders

Rank	1987 Investments	1986 Investments
1. General Motors Corporation	$174,889,000	$146,430,000
2. Ford Motor Company	100,690,000	76,136,000
3. Chrysler Corporation	70,166,000	42,203,000
4. Texas Air Corporation	67,287,000	63,417,000
5. Philip Morris Companies, Inc.	49,740,000	57,589,000
6. AMR Corporation	36,195,000	25,194,000
7. American Telephone & Telegraph Co.	35,920,000	31,[illegible]06,000
8. Allegis	29,368,000	26,900,000
9. Daimler-Benz, AG	28,415,000	23,340,000
10. Toyota Motor Sales Co., Ltd.	28,409,000	22,878,000
11. Honda Motor Co., Ltd.	25,536,000	21,087,000
12. Volkswagen, AG	25,141,000	15,914,000
13. Trans World Airlines, Inc.	24,365,000	29,329,000
14. U.S. Government	24,270,000	11,447,000
15. Mazda Motors of America (Central), Inc.	24,029,000	6,175,000
16. General Electric Company	22,816,000	26,986,000
17. Nissan Motor Co., Ltd.	22,375,000	17,627,000
18. Delta Air Lines, Inc.	22,011,000	22,309,000
19. Pan-American World Airways, Inc.	21,489,000	18,784,000
20. RJR/Nabisco	20,242,000	50,347,000
21. NYNEX Corporation	19,457,000	18,614,000
22. International Business Machines Corporation	18,915,000	16,646,000
23. CBS, Inc.	18,384,000	20,116,000
24. Southwest Airlines Company	17,573,000	14,153,000
25. Liberty Travel, Inc.	16,990,000	13,871,000
26. B.M.W. of North America, Inc.	16,143,000	10,924,000
27. Time, Inc.	15,551,000	13,951,000
28. American Express Company	14,278,000	13,498,000
29. MCI Communications Corporation	14,066,000	2,276,000
30. Hyundai Motor America	13,987,000	10,396,000
31. Franklin Mint Corporation	13,121,000	7,298,000
32. Fuji Heavy Industries, Ltd.	13,111,000	5,211,000
33. Jaguar Cars, Inc.	11,424,000	9,089,000
34. Anheuser-Busch Companies, Inc.	11,409,000	11,744,000
35. USAIR Group, Inc.	9,929,000	8,189,000
36. United Technologies Corporation	9,588,000	7,945,000
37. Brockway, Inc.	9,435,000	11,160,000
38. Carnival Cruise Lines	9,175,000	8,805,000
39. Alamo Rent-a-Car, Inc.	9,092,000	4,171,000
40. Hyatt Corporation	8,941,000	7,980,000
41. Ameritech	8,889,000	7,532,000
42. Capital Cities/ABC, Inc.	8,767,000	9,989,000
43. Apple Computer, Inc.	8,465,000	8,070,000
44. Bertelsmann, AG	8,347,000	3,755,000
45. B.A.T. Industries p.l.c.	8,344,000	5,139,000
46. Pepsico, Inc.	8,178,000	8,806,000
47. Cunard Line, Ltd.	8,083,000	5,467,000
48. Hallmark Cards, Inc.	7,897,000	1,470,000
49. PHH Group Company	7,858,000	4,568,000
50. Pleasant Hawaiian Holidays	7,601,000	6,847,000
51. Mitsubishi International Corp.	7,587,000	5,509,000
52. Isuzu Ltd.	7,454,000	7,339,000
53. Royal Caribbean Cruise Line, Inc.	7,331,000	7,175,000
54. NWA, Inc.	7,182,000	22,219,000
55. Transamerica Corporation	7,101,000	4,701,000
56. Club Med, Inc.	6,806,000	7,825,000
57. Fuqua Industries, Inc.	6,697,000	5,867,000
58. British Airways	6,632,000	12,019,000
59. American Brands, Inc.	6,613,000	10,260,000
60. Volvo North America Corp.	6,456,000	5,768,000
61. Mobil Corporation	6,366,000	7,912,000
62. Whirlpool Corporation	6,280,000	4,140,000
63. Grand Metropolitan p.l.c.	6,234,000	3,850,000
64. Admiral Cruises, Inc.	6,119,000	2,602,000
65. America West Airlines	5,978,000	2,625,000
66. Pacific Telesis Group	5,905,000	8,895,000
67. Commtron Corporation	5,874,000	694,000
68. Sitmar Cruises	5,812,000	3,672,000
69. Bell Atlantic Corporation	5,776,000	6,232,000
70. May Department Stores Company	5,722,000	9,856,000
71. Procter & Gamble Company	5,576,000	4,030,000
72. GTE Corporation	5,531,000	18,140,000
73. Hearst Corporation	5,518,000	4,492,000
74. Exxon Corporation	5,506,000	3,491,000
75. Coca-Cola Company	5,467,000	5,227,000
76. Sara Lee Corporation	5,360,000	1,881,000
77. Maytag Company	5,281,000	4,258,000
78. American Cellular Network Corp.	5,230,000	4,010,000
79. Norwegian Caribbean Lines	5,153,000	9,627,000
80. Costa Cruises	5,078,000	4,388,000
81. Walt Disney Company	5,040,000	3,835,000
82. Midway Airlines, Inc.	5,010,000	4,200,000
83. Blue Shield of California	4,882,000	4,149,000
84. Saab-Scania of America, Inc.	4,690,000	4,221,000
85. Bellsouth Corporation	4,645,000	6,370,000
86. MLT Vacations	4,635,000	4,867,000
87. Prudential Insurance Company of America	4,503,000	1,489,000
88. Estée Lauder, Inc.	4,392,000	3,658,000
89. Greyhound Corporation	4,324,000	5,196,000
90. Carlson Companies, Inc.	4,324,000	3,680,000
91. US West, Inc.	4,271,000	3,144,000
92. Bermuda Starline Inc.	4,215,000	689,000
93. Newhouse Publications	4,196,000	3,287,000
94. Seagram Company Ltd.	4,183,000	6,417,000
95. Zenith Electronics Corporation	4,168,000	949,000
96. Loews Corporation	4,010,000	8,114,000
97. Toro Company	3,988,000	3,613,000
98. Primerica Corporation	3,984,000	2,612,000
99. Gulf + Western, Inc.	3,974,000	2,938,000
100. Warner Communications, Inc.	3,932,000	3,150,000
Total top 100 newspaper advertisers	**$1,477,317,000**	

Source: Media Records

1987 Newspaper Brand Leaders

	1987	1986	1985	1984	1983
Advocacy groups					
The Beer Institute	$ 830,000	$ –	$ –	$ –	$ –
National Rifle Association	530,000	26,000	14,000	14,000	–
People for the American Way	393,000	96,000	126,000	189,000	–
Air conditioning					
Carrier	1,809,000	2,054,000	1,712,000	2,697,000	1,371,000
Freidrich	1,601,000	1,574,000	1,049,000	536,000	748,000
Bryant	956,000	298,000	1,130,000	704,000	349,000
Airlines – domestic carriers (foreign and domestic destinations)					
TWA	19,837,000	29,329,000	20,661,000	21,424,000	21,852,000
American	19,241,000	23,650,000	19,293,000	13,181,000	12,059,000
Continental	19,107,000	11,647,000	6,130,000	12,850,000	9,496,000
Airlines – foreign carriers					
British	6,632,000	12,019,000	3,703,000	3,662,000	3,075,000
Air France	2,977,000	2,119,000	1,648,000	2,118,000	1,275,000
Iberia	2,762,000	1,785,000	715,000	850,000	1,125,000
Amusements					
Disney	3,996,000	3,506,000	2,225,000	866,000	977,000
Soaring Adventures	1,648,000	1,189,000	287,000	15,000	–
Norwalk International Boat Show	350,000	309,000	130,000	69,000	–
Auto lease-rental					
Hertz	13,071,000	7,812,000	8,215,000	7,524,000	8,429,000
Alamo	9,005,000	4,157,000	4,180,000	1,775,000	170,000
Avis	7,656,000	4,568,000	5,178,000	5,053,000	3,655,000

	1987	1986	1985	1984	1983
Automobiles — domestic					
Ford	75,230,000	50,999,000	43,616,000	31,194,000	28,967,000
Chevrolet	71,698,000	49,417,000	46,641,000	35,305,000	21,992,000
Chrysler	34,848,000	23,331,000	22,846,000	15,531,000	14,168,000
Automobiles — imported					
Nissan	50,743,000	13,932,000	13,135,000	9,531,000	6,072,000
Toyota	28,402,000	22,866,000	17,915,000	10,736,000	11,095,000
Mercedez-Benz	28,270,000	23,337,000	17,865,000	6,495,000	6,586,000
Beers — domestic and imported					
Budweiser	6,109,000	5,360,000	2,836,000	2,003,000	2,141,000
Miller	4,263,000	5,659,000	1,925,000	1,279,000	1,556,000
Coors	1,341,000	1,232,000	1,467,000	539,000	990,000
Bus lines					
Greyhound	1,801,000	5,117,000	3,615,000	3,193,000	5,824,000
Dart	804,000	630,000	212,000	–	–
Metropolitan Transit	497,000	744,000	757,000	235,000	98,000

INTRIGUING PITTSBURGH...

RENEWED, RESOURCEFUL, REWARDING

Great things are happening. The economy is humming. Downtown boasts handsome additions to the skyline. An appealing two-level retail and restaurant facility in striking new 38 story Fifth Avenue Place is another attractive option for workers and suburbanites. Entertainment abounds in the revitalized area where restored Benedum Center offers opera, dance, theatre and pop music to supplement Heinz Hall's world-class symphonic fare.

Ranked third nationally as a corporate headquarters center, employees of major U.S. and internationally-involved firms enjoy the upscale lifestyle and cultural advantages this dynamic major U.S. market affords. Just as an example, two of the nation's top ten school systems are in the Pittsburgh suburbs of Fox Chapel and Mt. Lebanon.

In April, construction began on the first of three proposed shopping centers near Greater Pittsburgh International Airport. Robinson Town Centre plaza, a 600,000-square-foot retail strip, will have six anchor stores and 75 retailers. The $500 million Centre also will include an enclosed mall of 1.1 million square feet with at least four anchor stores and more than 100 retailers. When completed, the 540 acre complex, with about 300 merchants and 1.7 million square feet of selling space, would be the largest retail development in the country.

The Pittsburgh Press
SCRIPPS HOWARD
EVENING–SUNDAY

Pittsburgh Post-Gazette
MORNING

Nationally represented by Sawyer-Ferguson-Walker Co., Inc.

1987
Newspaper Brand Leaders

	1987	1986	1985	1984	1983
Cable tv					
HBO	4,347,000	4,738,000	4,023,000	3,747,000	1,460,000
ESPN	3,730,000	2,107,000	2,639,000	3,675,000	3,541,000
Cablevision	2,476,000	2,719,000	3,066,000	4,406,000	2,781,000
Cameras-photo supplies					
Kodak	1,993,000	3,150,000	2,578,000	3,595,000	5,105,000
Canon	1,655,000	438,000	539,000	2,088,000	428,000
Polaroid	1,530,000	1,760,000	538,000	1,253,000	1,923,000
Cereals					
Quaker	636,000	649,000	466,000	412,000	215,000
Ralston Purina	537,000	980,000	487,000	372,000	1,105,000
General Mills	281,000	183,000	489,000	613,000	1,746,000
Cigarettes					
Virginia Slims	12,657,000	1,691,000	13,793,000	6,215,000	4,241,000
Marlboro	11,650,000	9,927,000	29,064,000	29,328,000	11,062,000
Benson & Hedges	7,547,000	1,296,000	6,742,000	12,295,000	8,127,000

SEND YOUR TEE TO CHINA.

Exporting industrial tees and other equipment to China is a serious, profitable business. So, don't miss the boat. Call U.S. and Foreign Commercial Service at 1-800-343-4300* Operator 199.

Ad Council

USA

*In Alaska call 1-800-331-1000

AMBITION

Buffalo's a market with ambition. A market that's healthy, hungry and upwardly. It's a market that's "on the go!"

If you haven't considered Buffalo and The Buffalo News — you're missing the route to almost 1.3 million adults and one of the best advertising buys in America.

The Buffalo News offers —

- A circulation area that's highly concentrated — every reader is close enough to be a potential consumer
- A 50% news hole that gives the reader more news for their money
- Advertising CPM's that are below average for markets this size
- Highest PMA coverage in the nation both daily and Sunday

New York State's 2nd largest market is on the go and too big to miss! Call Hugh G. Monaghan at (716)849-3422 for more information about The Buffalo News.

ON THE GO BUFFALO

THE BUFFALO NEWS

1987

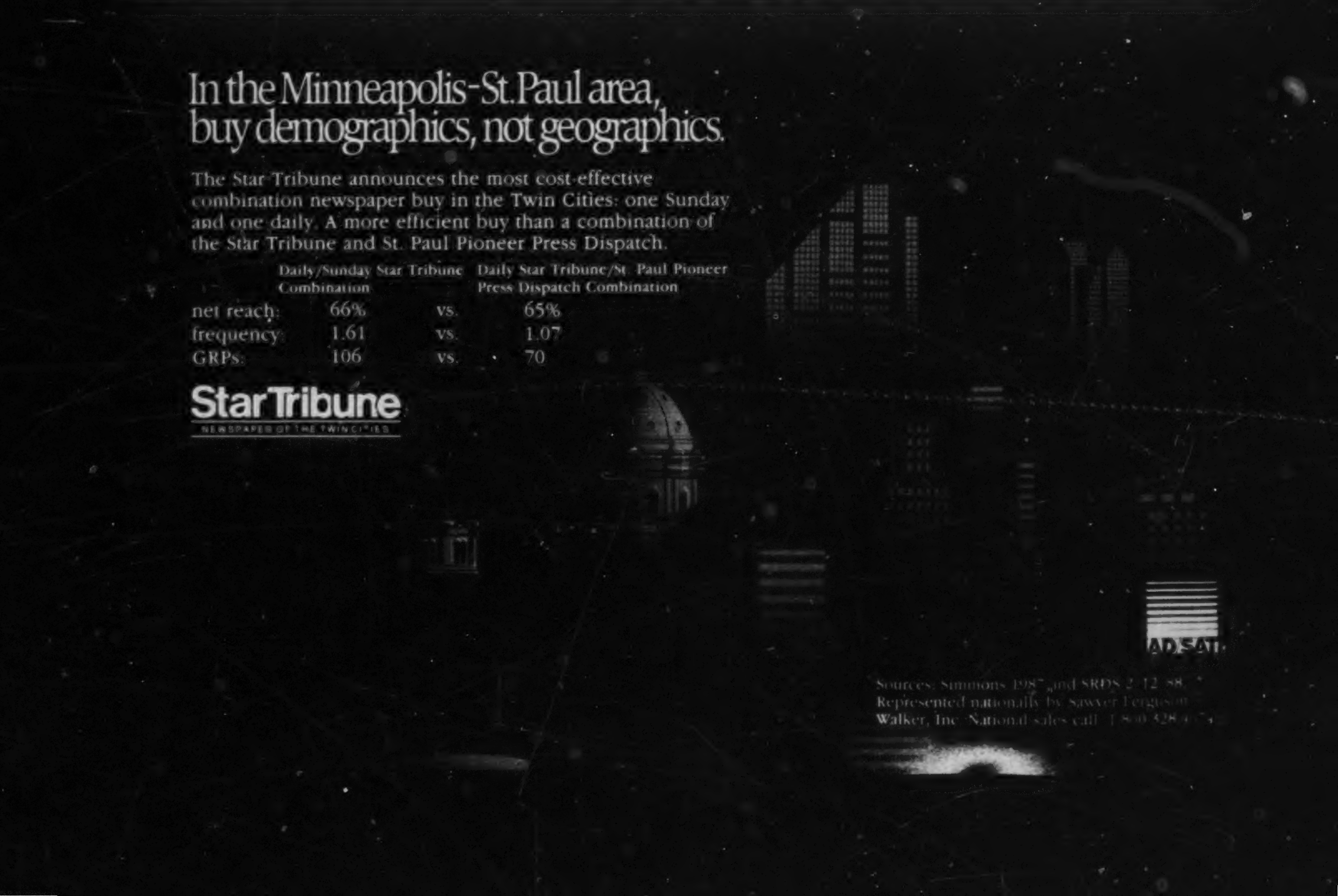
Newspaper Brand Leaders

	1987	1986	1985	1984	1983
Cargo airlines					
UPS	928,000	22,000	919,000	–	159,000
Federal Express	880,000	332,000	3,258,000	3,587,000	896,000
DHL	521,000	1,610,000	374,000	10,000	–
Coffee					
Maxwell	449,000	806,000	2,397,000	112,000	681,000
Folger's	399,000	257,000	69,000	33,000	42,000
Taster's Choice	372,000	91,000	260,000	–	84,000
Computers					
IBM	15,591,000	14,384,000	28,703,000	33,014,000	7,786,000
Apple	8,434,000	7,864,000	8,139,000	8,026,000	5,123,000
Epson	3,866,000	7,796,000	5,975,000	9,744,000	7,237,000
Cosmetics					
Tova 9	2,410,000	2,356,000	2,301,000	1,878,000	1,939,000
Estée Lauder	1,166,000	893,000	823,000	631,000	679,000
Neutrogena	935,000	861,000	617,000	247,000	–

1987

Newspaper Brand Leaders

	1987	1986	1985	1984	1983
Couponers					
Valassis	187,124,000	169,452,000	129,958,000	99,256,000	61,735,000
Quad Inserts	114,914,000	69,619,000	67,526,000*	74,873,000*	56,738,000*
Market Showcase/Product Movers	96,971,000	123,114,000	109,419,000	79,569,000	36,230,000
(* Formerly Blair Inserts)					
Cruise lines					
Carnival	9,175,000	8,786,000	6,429,095	5,123,000	6,876,000
Cunard	8,083,000	5,467,000	8,791,000	9,519,000	4,947,000
Royal Caribbean	7,331,000	7,175,000	6,591,000	6,860,000	4,580,000
Farm/garden tools					
Snapper	6,695,000	5,867,000	4,930,000	3,835,000	3,799,000
Toro	3,959,000	3,609,000	3,502,000	3,007,000	2,887,000
Lawn Boy	2,432,000	2,740,000	2,071,000	1,446,000	980,000
Floor coverings					
Armstrong	2,910,000	3,657,000	4,141,000	777,000	959,000
Mannington	473,000	344,000	281,000	219,000	165,000
Tarkett	376,000	198,000	121,000	142,000	–



In the Minneapolis-St. Paul area, buy demographics, not geographics.

The Star Tribune announces the most cost-effective combination newspaper buy in the Twin Cities: one Sunday and one daily. A more efficient buy than a combination of the Star Tribune and St. Paul Pioneer Press Dispatch.

	Daily/Sunday Star Tribune Combination		Daily Star Tribune/St. Paul Pioneer Press Dispatch Combination
net reach:	66%	vs.	65%
frequency:	1.61	vs.	1.07
GRPs:	106	vs.	70

Star Tribune
NEWSPAPER OF THE TWIN CITIES

AD SAT

Sources: Simmons 1987 and SRDS 2/12/88.
Represented nationally by Sawyer Ferguson
Walker, Inc. National sales call 1-800-328-[illegible]

1987
Newspaper Brand Leaders

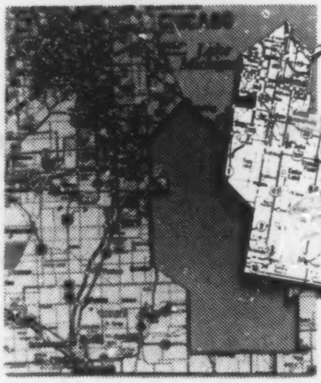
	1987	1986	1985	1984	1983
Fruit & vegetable juices					
Tropicana	1,942,000	952,000	252,000	496,000	974,000
Citrus Hill	717,000	430,000	–	21,000	34,000
Del Monte	613,000	–	246,000	22,000	–
Gas/oil					
Mobil	6,185,000	7,428,000	7,137,000	6,448,000	6,475,000
Exxon	5,506,000	3,491,000	2,742,000	1,711,000	1,808,000
Chevron	983,000	1,593,000	1,246,000	765,000	116,000
Government agencies					
U.S. Postal Service	11,548,000	3,926,000	3,915,000	3,433,000	3,078,000
U.S. Army	1,145,000	1,269,000	1,929,000	602,000	644,000
Immigration & Naturalization	883,000	–	–	–	–
Headache remedies and sedatives					
Tylenol	203,000	1,286,000	–	51,000	32,000
Medipren	102,000	–	–	–	–
Nuprin	84,000	71,000	32,000	649,000	–

"IF I COULDN'T LIVE IN NEW YORK, I'D LIVE IN PEORIA."

Ed Koch, Mayor
New York City

Peoria is a great place to live and a great place to test market. Balanced demographics, media isolation, low media costs and a cooperative attitude are just a few of the reasons. Find out how to put new life in your test market plans. Contact the Peoria Journal Star, 1 News Plaza, Peoria, IL 61643, phone 309-686-3035, or your CWO&O representative.

Complete the puzzle



Complete your Chicago buy with the most read newspaper in Southeast Suburban Chicago and Northwest Indiana. The TIMES has more readers than any other area or metropolitan newspaper. And with our special market studies by both Simmons and Scarborough, we can help simplify the puzzle of the complete market buy.

THE TIMES
for local News, Advertising & Readers in N.W. Indiana & S.E. Suburban Chicago
417 Fayette St., Hammond, IN 46420
Represented Nationally by Branham Newspaper Sales

AUTOMOTIVE FUELS NEWSPAPERS — AGAIN

Bloated auto-dealer inventories again fueled newspapers profits in 1987, as manufacturers continued to use incentives to draw consumers into showrooms and speed car sales. In advertising special car and truck financing plans and rebates, terms must be spelled out precisely and details may be changed on short notice. Newspapers seem to be the media vehicle of choice for such dealings.

William Tausch, vice president, automotive marketing at the Newspaper Advertising Bureau, says, "1987 has to be regarded as a continuation of what happened in 1986; manufacturers have found themselves in the incentives business. Inventory was way out of line at the end of 1987." Incentives can help balance supply and demand, Tausch adds.

Chrysler Motors vice chairman Ben Bidwell told the NAB early this year that, in 1987, Chrysler spent $100 million in print media, and $28.5 million of it went to newspapers. The company's 1987 overall print budget was up $8.5 million from 1986, but newspapers alone gained $10.5 million.

In the luxury segment, Mercedes-Benz traditionally is a heavy user of newspaper for its image-oriented campaigns. For 1988, Mercedes' strategy seems to emphasize regionalization, always good news for newspapers. The company and its dealers have set up a $18 million co-op fund for local marketing support, according to the NAB; newspapers get a nice share of co-op dollars.

A study prepared by the Advertising Checking Bureau shows newspapers as the top medium for auto aftermarket co-op programs. Of $98 million spent on 108 such programs in 1986, newspapers got 41%, including 28% in ROP and 13% in inserts. In 1987, Media Records says newspaper advertising of automotive accessories, parts and supplies hit $7.8 million, up from $7.1 million the previous year.

Automotive linage in newspapers is expected to remain heavy through 1988, says Tausch. Car sales for the first three months of this year exceeded manufacturers' expectations, and they revved up production for the second half of the year, he asserts, in order to ward against a year-end glut. "There is a reasonable chance that many if not all of the incentives will continue," he says.

Shields, who buys newspaper space for Lintas' Motown client, General Motors, confirms Tausch's expectations. He says, "The '88 model year has been continuing with incentive programs, and if it continues at this pace," newspaper advertising for the year could meet or exceed last year's record-high linage. "A lot depends on car-buying consumers," Shields adds. When car sales lag, newspapers gain. ■

NEWSPAPER AUTOMOTIVE DOLLARS— WHERE THEY COME FROM

			Total 100%		Percent of auto total (100%) from:		
Rank	Brand	1987 Newspaper Investment	Trucks, Campers, Vans	Autos	Factory	Dealer Assns.	Local Dealers
1.	Ford	$75,230,000	15%	85%	24%	24%	52%
2.	Chevrolet	71,698,000	21	79	38	9	53
3.	Chrysler	34,848,000	0	100	55	3	42
4.	Toyota	28,403,000	7	93	12	3	85
5.	Mercedes-Benz	28,300,000	1	99	69	5	26
6.	Oldsmobile	27,473,000	0	100	51	11	38
7.	Dodge	24,522,000	17	83	39	5	56
8.	Mazda	24,026,000	11	89	64	12	24
9.	Nissan	22,340,000	2	98	22	4	74
10.	Cadillac	21,302,000	0	100	9	11	80
11.	General Motors	20,307,000	22	78	97	–	3
12.	Lincoln	19,703,000	0	100	54	7	39
13.	Pontiac	16,458,000	1	99	51	3	46
14.	BMW	15,639,000	0	100	55	3	42
15.	Buick	14,703,000	0	100	23	21	56
16.	Hyundai	13,906,000	0	100	6	1	93
17.	Subaru	12,854,000	0	100	49	19	32
18.	Honda	12,343,000	0	100	11	7	82
19.	Acura	11,748,000	0	100	26	19	55
20.	Jaguar	11,424,000	0	100	54	7	39
21.	Volkswagen	9,466,000	2	98	45	28	27
22.	Audi	8,414,000	0	100	56	23	21
23.	Isuzu	7,454,000	12	88	77	1	22
24.	Mitsubishi	7,146,000	6	94	12	4	84
25.	Volvo	6,413,000	1	99	29	19	52

Source: Media Records/*M&MD*

1987

Newspaper Brand Leaders

	1987	1986	1985	1984	1983
Insurance – health/life					
Blue Cross/Blue Shield	15,073,000	19,652,000	18,190,000	9,887,000	13,261,000
Cigna	3,530,000	2,021,000	1,064,000	1,215,000	933,000
Prudential	3,490,000	1,489,000	329,000	241,000	219,000
Jewelry/watches					
Seiko	1,098,000	3,089,000	3,466,000	5,163,000	1,252,000
Van Pler & Tissany	951,000	930,000	1,109,000	1,536,000	120,000
Movado	531,000	751,000	319,000	267,000	326,000
Lotteries					
Connecticut	589,000	731,000	347,000	222,000	262,000
New York State	434,000	1,010,000	1,317,000	702,000	793,000
Arizona	425,000	682,000	276,000	319,000	—
Liquors					
Seagram's (brand family)	3,021,000	3,304,000	4,332,000	5,694,000	1,516,000
Ballantine's Scotch	1,026,000	1,394,000	1,841,000	1,623,000	1,149,000
Absolut Vodka	858,000	641,000	585,000	1,281,000	984,000

Omaha...

Listed in S & MM as one
of the nation's most popular
TEST MARKETS

*"Our newspaper will assist
you in conducting your test
in Omaha. Split runs, zoning,
research, working with brokers
and retailers,
We're here to help."*

E. Terry Ausenbaugh
Marketing Manager

Omaha MSA Population — 616,000
Daily MSA Coverage — 61%
Sunday MSA Coverage — 72%

Represented Nationally by CWO&O.

Omaha World-Herald

402-444-1000
World-Herald Square,
Omaha, NE 68102

AUSTIN HAS YOUR NUMBER.

With a circulation of more than 211,000 the Austin American-Statesman reaches 81% of the 561,900 area adults with a Sunday issue.

	% OF TOTAL POPULATION	% OF MARKET REACHED
• $50,000+ household income	23%	89%
• Professionals and managers	26%	86%
• College graduates	32%	87%
• 18-34 year olds	51%	77%

For full details about the Austin market contact Roy Gordon, National Advertising Manager at (512) 445-3745.

Austin American-Statesman

AD SAT

Represented nationally by Sawyer-Ferguson-Walker.
Sources: ABC Publisher's Statement, March 1988.
1988 Scarborough Market Report.

1987
Newspaper Brand Leaders

	1987	1986	1985	1984	1983
Magazines					
Today's Chicago Woman	1,649,000	362,000	–	–	–
Readers Digest	1,250,000	453,000	476,000	135,000	261,000
Youth Beat	1,222,000	–	–	–	–
Mail order					
Franklin Mint	12,513,000	7,298,000	6,960,000	6,654,000	5,253,000
Shopping Mart	4,008,000	3,807,000	4,049,000	5,335,000	5,253,000
The Hamilton Collection	3,699,000	2,123,000	367,000	–	45,000
Meat/fish/poultry					
Perdue Chicken Products	2,726,000	3,397,000	923,000	417,000	739,000
Holly Farms Chicken Products	1,542,000	934,000	444,000	128,000	324,000
Bryan Meat Products	666,000	566,000	431,000	422,000	380,000
Newspapers					
Wall Street Journal	1,287,000	1,259,000	530,000	557,000	649,000
The Wine Spectator	653,000	625,000	496,000	67,000	–
Times Mirror Co.	598,000	1,120,000	138,000	403,000	–
Office equipment (minus computers)					
IBM	3,324,000	2,255,000	1,907,000	491,000	1,227,000
Canon	1,554,000	1,199,000	1,912,000	1,575,000	163,000
Xerox	1,263,000	5,012,000	8,882,000	7,819,000	12,892,000

TRAVEL FLIES LOW AND LOCAL

Last month, the Newspaper Advertising Bureau was busy assembling a presentation to major airline advertisers. It is considering establishing a formal, annual program to bring together high-ranking newspaper personnel with top executives at the airlines, similar to a program it now runs for automotive advertisers.

The problem is tangible: The NAB estimates total ad spending by the industry in eight measured media, approached $800 million in 1987, up from $748 million in 1986. Yet newspaper's share of that sum shrank to 40% last year from 45% in 1986.

Six airlines now represent 16 carriers, and though there are 100 airlines representing more than 140 carriers in the United States, the top 10 companies account for about 60% of the industry's total ad expenditures, says Tom Fitzpatrick, marketing manager at the NAB.

Domestic carriers trimmed newspaper advertising by 18.8%, while international carriers increased spending at a slower pace, adding 5.3% last year vs. 31% in 1986, according to Media Records. Only one foreign-owned carrier, British Airways, ranks in the top 10 among airline advertisers, but it spends a greater portion in newspapers — 54.9%, according to the NAB. Among the major domestic airlines, TWA and Texas Air are estimated to have put more than half of their 1987 ad spending in newspapers.

In '87, travel spending rose, but not for newspapers.

In the rental car category, meanwhile, the NAB made a splash by selling National and its agency, Chiat/Day Inc., on an island-position, nationwide newspaper campaign. "I targeted National because it had not done as much as the others in newspapers," says Mary Harris, vice president, travel industry category, at the NAB. Overall, major car-rental and leasing companies revved up their spending by 16.4%.

Hotel, motel and resort advertising rose 15.4%, to $244.3 million in 1987, hot on the heels of a 13.4% increase in 1986. But only a handful of companies are spending significantly, says Fitzpatrick. The NAB now is studying the resort hotel chains; it will target one to sell a national newspaper campaign to, as it did National Car Rental. ■

1987
Newspaper Brand Leaders

	1987	1986	1985	1984	1983
Paints					
Benjamin Moore	813,000	659,000	504,000	579,000	311,000
Sherwin-Williams	469,000	1,061,000	1,852,000	891,000	647,000
Olympic	373,000	373,000	1,131,000	55,000	71,000
Pet foods					
Purina	1,111,000	1,052,000	1,405,000	1,030,000	1,565,000
Hills Science	482,000	–	–	36,000	–
Iams	338,000	366,000	302,000	–	–
Phonograph records/tapes					
Columbia	6,347,000	8,819,000	10,211,000	10,274,000	7,959,000
Commtron	5,874,000	694,000	–	–	–
CBS	5,858,000	2,923,000	2,178,000	939,000	280,000
Prepared dishes					
On Cor	539,000	324,000	607,000	902,000	299,000
Stouffer	464,000	99,000	62,000	226,000	93,000
Weight Watchers	292,000	55,000	24,000	–	12,000
Public Utilities					
AT&T	33,978,000	30,098,000	49,565,000	47,865,000	23,610,000
MCI	14,066,000	2,276,000	1,488,000	3,491,000	743,000
New York Telephone	13,209,000	8,180,000	8,042,000	6,573,000	1,304,000
Radio/tv sets					
Zenith	1,411,000	897,000	1,220,000	1,602,000	963,000
RCA	808,000	1,643,000	1,427,000	6,391,000	3,936,000
Toshiba	522,000	89,000	36,000	156,000	219,000
Radio/tv stations					
NBC	6,988,000	8,094,000	9,852,000	10,067,000	7,816,000
CBS	6,126,000	7,811,000	9,113,000	9,649,000	6,695,000
HBO	4,347,000	4,731,000	4,020,000	2,747,000	1,459,000
Railroads					
Amtrak	4,985,000	3,800,000	6,756,000	9,505,000	5,979,000
Via Rail Canada	335,401	235,708	–	–	–
Long Island Railroad	314,000	191,730	230,000	71,000	–
Ranges/stoves/dishwashers					
General Electric	1,612,000	1,287,000	1,485,000	1,455,000	2,182,000
Kitchen Aid	793,000	2,424,000	3,139,000	1,750,000	766,000
Modern Maid	612,000	379,000	288,000	88,000	22,000
Soaps/cleansers/polishes					
Morton water softener	218,000	594,000	534,000	545,000	25,000
Cheer	267,000	48,000	–	–	–
Surf	206,000	698,000	308,000	16,933	13,906
Soft drinks (regular and diet)					
Pepsi Cola	5,875,000	6,239,000	4,323,000	3,268,000	5,198,000
Coca Cola*	4,020,000	4,108,000	5,644,000	3,893,000	4,267,000
Slice	1,538,000	2,419,000	1,102,000	187,000	–
(* Includes Cherry Coke)					

CIGARETTES — A DRAG ON ROP

Tobacco advertising in newspapers is pretty much going to ashes at a remarkably steady clip. In 1987, the medium's take of all cigarette-brand advertising dollars fell 34.4% from the year before, following a 37% decrease in 1986. And the numbers include preprinted inserts, which seem to get the bulk of cigarette linage in newspapers today.

At R.J. Reynolds Tobacco U.S.A., Now and More spent less in newspapers last year — 28% and 43% less, respectively, according to Media Records. Yet they still ranked among the five top-spending cigarette brands in the medium.

What's more, Dan Pearson, senior director media for the company says, "The major portion of their newspaper activity was in supplements, though some ROP is being used." He prefers supplements to ROP for "the color, the [lower] cost and the coverage."

Tobacco companies use newspapers chiefly for local test-marketing support, to get quick impact for brand introductions and for special promotions. Though Brown & Williamson had only begun test-marketing Capri in Louisiana in January 1987 (and it still gets limited distribution), the brand ranked sixth.

Three Philip Morris brands actually heavied up in newspapers to become the top cigarette advertisers last year. Mary Taylor, spokeswoman for the company, says Virginia Slims had line extensions to promote and Benson & Hedges introduced a new campaign. Marlboro, typically big in newspapers, will probably show increased spending again in 1988, Taylor says, since that line's mentholated cigarettes were reformulated.

On the flip side at PM, Players, which had led the pack in 1986 with a $15.3 million newspaper budget, spent less than 10% of that in 1987. The line was reformulated, repackaged and repositioned as a value-added brand, selling at "25 for the price of 20," Taylor says. Thus, advertising was cut sharply because "there isn't as much money in value-added brands," she explains.

Sara R. Ridgway, spokeswoman for Lorillard Inc., says, "We have never been heavy newspaper advertisers," relative to other tobacco companies. "It's a very expensive medium for our purposes." she explains, noting that, as national advertisers, cigarette manufacturers pay "more than 50% more than local advertisers." It's not a new complaint.

Newspaper advertising for Lorillard's Newport brand plummeted 73% in 1987, according to Media Records. Ridgway says that's business as usual: Outdoor is more effective than newspapers for reaching that brand's target audience, young adults. "When newspapers are used," she adds, "it's usually supplements or preprinted inserts." In 1988 so far, Lorillard's has one line extension, Newport Stripes. ■

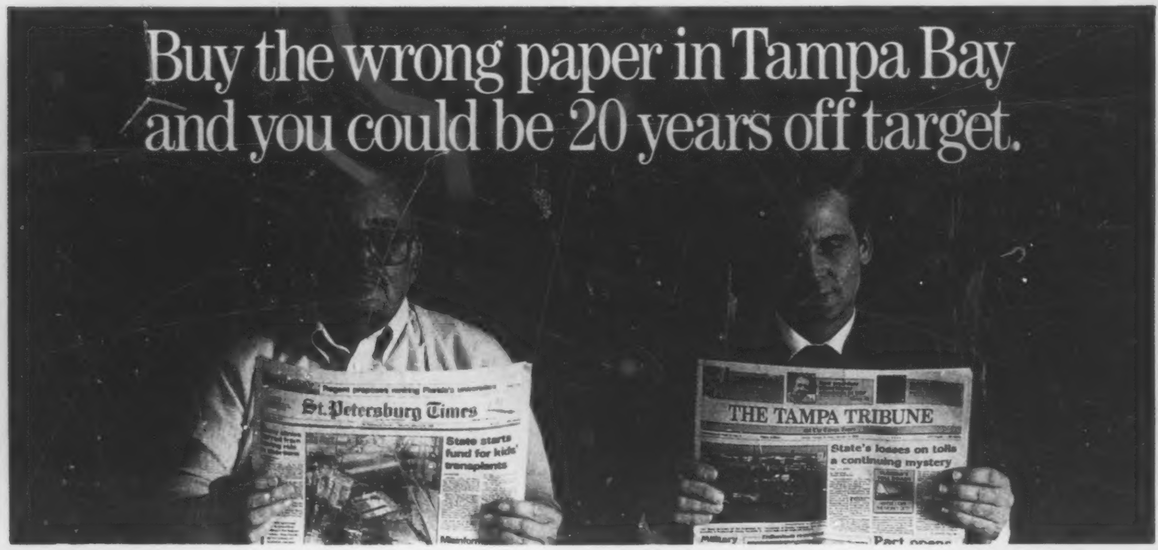
NEWSPAPERS' TOP 20 SMOKES

1987 rank	Brand (manufacturer)	1987 investment	(vs. 1986)	1986 rank
1.	**Virginia Slims (PM)**	$12,656,952	(+648%)	16
2.	**Marlboro (PM):**	11,649,893	(+17%)	3
3.	**Benson & Hedges (PM):**	7,546,600	(+482%)	19
4.	**Now (RJR)**	6,241,497	(−28%)	5
5.	**More (RJR):**	5,319,546	(−43%)	4
6.	**Capri (B&W):**	4,102,376	(test)	NA
7.	**Richland (B&W)**	3,115,798	(−24%)	11
8.	**Carlton (Amer):**	3,055,735	(−50%)	8
9.	**Parliament (PM)**	2,765,713	(−62%)	7
10.	**True (Lor)**	2,407,156	(−51%)	10
11.	**Pall Mall (Amer)**	2,338,595	(+39%)	17
12.	**Cambridge (PM):**	2,174,570	(−73%)	6
13.	**Ritz (RJR)**	1,998,841	(−82%)	2
14.	**Kent (Lor):**	1,925,853	(+90%)	20
15.	**Players (PM)**	1,501,091	(−90%)	1
16.	**Winston (RJR)**	783,086	(−78%)	12
17.	**Newport (Lor)**	711,662	(−73%)	14
18.	**Century (RJR)**	584,241	(−91%)	9
19.	**Barclay (B&W)**	519,087	(+10%)	–
20.	**Lucky Strikes (Amer)**	505,356	(−32%)	–
	Total of Top 20:	$71,903,648	(−34%)	
	Top 20 represents 87% total, same as in 1986			
	All others:	10,536,352		
	Grand total:	$82,440,000	(−34.4%)	

Source: Media Records; Newspaper Advertising Bureau estimates
Manufacturer code: Amer—American Tobacco; B&W—Brown & Williamson (BAT); L&M—Ligget & Myers (Grandmet); Lor—Lorillard (Loews); PM—Philip Morris; RJR—Reynolds

1987
Newspaper Brand Leaders

	1987	1986	1985	1984	1983
Tours/travel services					
Liberty Travel	16,981,000	13,871,000	10,901,000	7,872,000	5,356,000
American Express	10,604,000	12,712,000	14,121,000	10,793,000	7,226,000
Pleasant Hawaiian Holidays	7,601,000	6,847,000	6,715,000	6,093,000	5,572,000
Trucks/campers/vans					
Chevy	15,662,000	4,661,000	4,355,000	2,630,000	1,481,000
Ford	11,419,000	4,769,000	4,116,000	3,328,000	2,747,000
Dodge	4,205,000	2,213,000	1,358,000	2,306,000	2,637,000
Wearing apparel					
Aris	2,973,000	212,000	240,000	222,000	74,000
Guess	1,618,000	717,000	–	–	–
Haggar	1,002,000	–	–	–	74,000
Wines/coolers					
Wines of Rioja	1,425,000	–	113,000	–	–
Matilda Bay Wine Cooler	1,189,000	–	–	–	–
Seagrams Cooler	246,000	595,000	301,000	–	–


Buy the wrong paper in Tampa Bay and you could be 20 years off target.
St. Petersburg Times
State starts fund for kids' transplants
THE TAMPA TRIBUNE
State's losses on tolls a continuing mystery

The average daily reader of the St. Petersburg Times is over 60 years old, and retired.

The Tampa Tribune's average readers are in their 40's, and shopping.

The Times may show a slightly higher circulation, but look at the demographics. If your target is under 60, it's a one-paper buy.

While 40% of the Times' readers are 65 and over, the Tribune offers you a larger average household size, higher average income and over 31,000 more daily and 46,000 more Sunday readers 18-54.

If you can't buy both papers, at least put your client where the buyers are: on target in The Tampa Tribune.

The Tampa Tribune
Tampa Bay's Newspaper

Contact Joe Gess at (813) 272-7447, or your nearest Sawyer-Ferguson-Walker Office.

Source: 1987 Scarborough Report

1987
Newspaper Brand Leaders

Classification	1987 (000)	1986 (000)	Percent change
AUTOMOTIVE			
Gasoline & Oil Companies	$21,257	$23,899	−11.1%
Leasing & Rentals	83,245	71,546	+16.4
Parts, Accessories & Supplies	8,403	7,188	+16.9
Passenger Cars (New)	798,286	622,866	+28.2
Trucks, Trailers & Mobile Homes	44,798	31,511	+42.2
Automotive Not Elsewhere Classified	2,034	1,424	+42.8
AUTOMOTIVE TOTAL	$958,023	$758,434	26.3
GENERAL			
Alcoholic Beverages	64, 15	77,936	−17.0
Beers	26,743	27,614	−3.2
Wines	7,224	7,535	−4.1
Liquors	30,748	42,787	−28.1
Amusements	18,737	18,315	+2.3
Cameras, Photo Supplies & Services	12,283	13,017	−5.6
Computers, Equipment & Services	50,909	54,368	−6.4
Educational	68,557	62,972	+8.9
Farm & Garden	38,560	40,702	−5.3
Foods	137,562	138,555	−0.7
Baby Foods	366	305	+20.0
Bakery Goods	7,275	8,543	−14.8
Baking Mixes, Flour & Ingredients	457	1,280	−64.3
Beverages	39,353	42,536	−7.5
Coffee	3,620	3,557	+1.8
Tea	1,336	1,236	+8.1
Fruit & Vegetable Juices	6,578	4,727	+39.2
Soft Drinks-Carbonated Diet	2,225	2,842	−21.7
Soft Drinks-Carbonated Non-Diet	18,313	22,444	−18.4
Miscellaneous	7,281	7,730	−5.8
Cereals	2,334	2,470	−5.5
Condiments	5,276	7,557	−30.2
Confectionery & Snacks	4,886	4,606	+6.1
Dairy Products	17,338	19,341	−10.4
Desserts & Ingredients	390	562	−30.6
Fruits & Vegetables	5,611	5,244	+7.0
Macaroni Products-Uncooked	1,848	1,992	−7.2
Meats, Fish & Poultry	23,001	19,959	+15.2
Prepared Dinners & Dishes	6,513	6,794	−4.1
Shortenings, Oils & Margarines	3,662	1,906	+92.1
Soups	938	1,253	−25.1
Sugars, Syrups & Jellies	1,982	1,830	+8.3
Miscellaneous	16,332	12,377	+32.0
Franchise Offers	5,836	6,031	−3.2
Help Wanted	67,592	80,251	−15.8
Hotels & Motels	244,250	220,421	+10.8
Hotels, Motels & Resorts	193,511	167,621	+15.4
Resort Area Development	50,739	52,800	−3.9
Household Furniture & Furnishings	17,813	20,180	−11.7
Floor Coverings	4,529	5,777	−21.6
Furnishings	8,404	9,529	−11.8
Furniture	4,880	4,874	+0.1
Household Heating & Home Heating Equipment	14,781	10,838	+36.4
Electric, Gas & Oil Suppliers	609	666	−8.6
Heating & Plumbing Equipment	14,172	10,172	+39.3
Household Supplies	20,031	30,017	−33.3
Aluminum & Paper Products	799	2,455	−67.5
Disinfectants & Insecticides	712	1,327	−46.3
Home Building Materials & Tools	7,707	10,542	−26.9
Paints, Wall Coverings & Other Finishes	4,761	5,015	−5.1
Soaps, Cleansers & Polishes	3,295	6,030	−45.4
Miscellaneous	2,757	4,648	−40.7
Household Equipment & Appliances	85,384	69,711	+22.5
Air Conditioning	8,455	7,525	+12.4
Phonographs, Records, Tapes & Recorders	30,092	23,952	+25.6
Radio & TV Sets	3,893	4,796	−18.8
Ranges, Stoves & Dishwashers	5,220	6,011	−13.2
Refrigerators & Freezers	2,784	1,572	+77.1
Small Electrical Appliances	5,046	3,323	+51.9
Washers & Dryers	1,582	1,017	+55.6
Miscellaneous	28,312	21,515	+31.6
Industrial	59,053	59,774	−1.2
Aircraft & Equipment	2,083	2,904	−28.3
Industrial Area Development	5,966	7,833	−23.8
Office Equipment & Stationery Supplies	17,372	15,350	+13.2
Industrial Materials & Machinery	13,887	12,253	+13.3
Miscellaneous	19,745	21,434	−7.9
Insurance	68,798	89,456	−23.1
Life, Health & Medical	62,913	84,965	−26.0
Fire, Casualty & Other	5,885	4,491	+31.0
Jewelry, Watches & Silverware	6,691	9,253	−27.7
Mail Order	66,495	60,013	+10.8
Medical Products & Drugs	17,312	19,800	−12.6
Cold, Cough & Sinus Remedies	1,933	1,500	+28.9
Digestive Aids & Laxatives	2,095	826	+153.6
Headache Remedies & Sedatives	730	2,804	−74.0
Vitamins, Tonics & Reducing Aids	7,208	9,761	−26.2
Medicated Skin Products	470	337	+39.5
Miscellaneous	4,876	4,572	+6.6
Pets & Pet Supplies	6,592	5,638	+16.9
Pet Foods	4,210	3,482	+20.9
Pets & Pet Supplies	2,382	2,156	+10.5
Political	6,238	18,779	−66.8
Professional & Service	28,372	24,510	+15.8
Public Service Utilities & Communications	146,891	151,651	−3.1
Publishing & Media	261,486	241,969	+8.1
Books	47,727	43,071	+10.8
Magazines	25,492	26,026	−2.1
Newspapers	7,919	9,380	−15.6
Radio & TV Stations	180,348	163,492	+10.3

1987
Newspaper Brand Leaders

Classification	1987 (000)	1986 (000)	Percent change
Real Estate	94,924	70,227	+35.2
Sporting & Leisure Time Equipment	6,870	7,063	−2.7
Sporting Goods	4,083	4,500	−9.3
Boats & Equipment	686	543	+26.3
Hobbies, Toys & Games	2,101	2.020	+4.0
Tobacco	85,228	129,009	−33.9
Cigars	1,640	1,131	+45.0
Cigarettes	82,440	125,631	−34.4
Tobacco & Accessories	1,148	2,247	−48.9
Toiletries & Toilet Goods	26,678	24,522	+8.8
Cosmetics, Make-Up & Manicure Products	11,227	10,261	+9.4
Dental Supplies & Mouthwashes	2,973	1,200	+147.8
Feminine Hygienic Products	838	179	+368.2
Men's Toiletries & Hair Products	1,683	1,574	+6.9
Men's & Women's Shaving Equipment	279	375	−25.6
Perfumes & Toilet Water	1,521	1,514	+0.5
Toilet Soaps, Bath Powders & Deodorants	1,954	2,300	−15.0
Women's Hair Products & Treatments	2,162	4,198	−48.5
Miscellaneous	4,041	2,921	+38.3
Transportation	615,112	648,069	−5.1
Airlines	313,742	339,501	−7.6
Domestic	143,480	176,630	−18.8
International	167,326	158,948	+5.3
Cargo	2,936	3,923	−25.2
Bus Lines	6,967	10,934	−36.3
Railroads	6,537	7,502	−12.9
Steamships	91,556	91,198	+0.4
Tours & Travel Service	189,136	192,494	−1.7
Miscellaneous	7,174	6,440	+11.4
Wearing Apparel	26,784	26,705	+0.3
General Not Elsewhere Classified	459,230	471,512	−2.6
GENERAL TOTAL	**$2,829,764**	**$2,901,264**	**−2.5%**

Classifications projected to U.S. totals by Media Records ©1987

The full report is available from Media Records, Seven Penn Plaza, New York, N.Y. 10001. Prices are $1,375 for the full report; $205 to $400 for complete class breakouts; and $145 for a sub-class reading.

THE METRO POWER GROUP

ATLANTA
Magazine
circulation: 58,000

BOSTON
Magazine
circulation: 124,000

MANHATTAN, INC.
Magazine
circulation: 90,000

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POSTAL BLUES

The huge increase in postal rates has direct marketers scurrying for ways to save their businesses.

by Rebecca Fannin

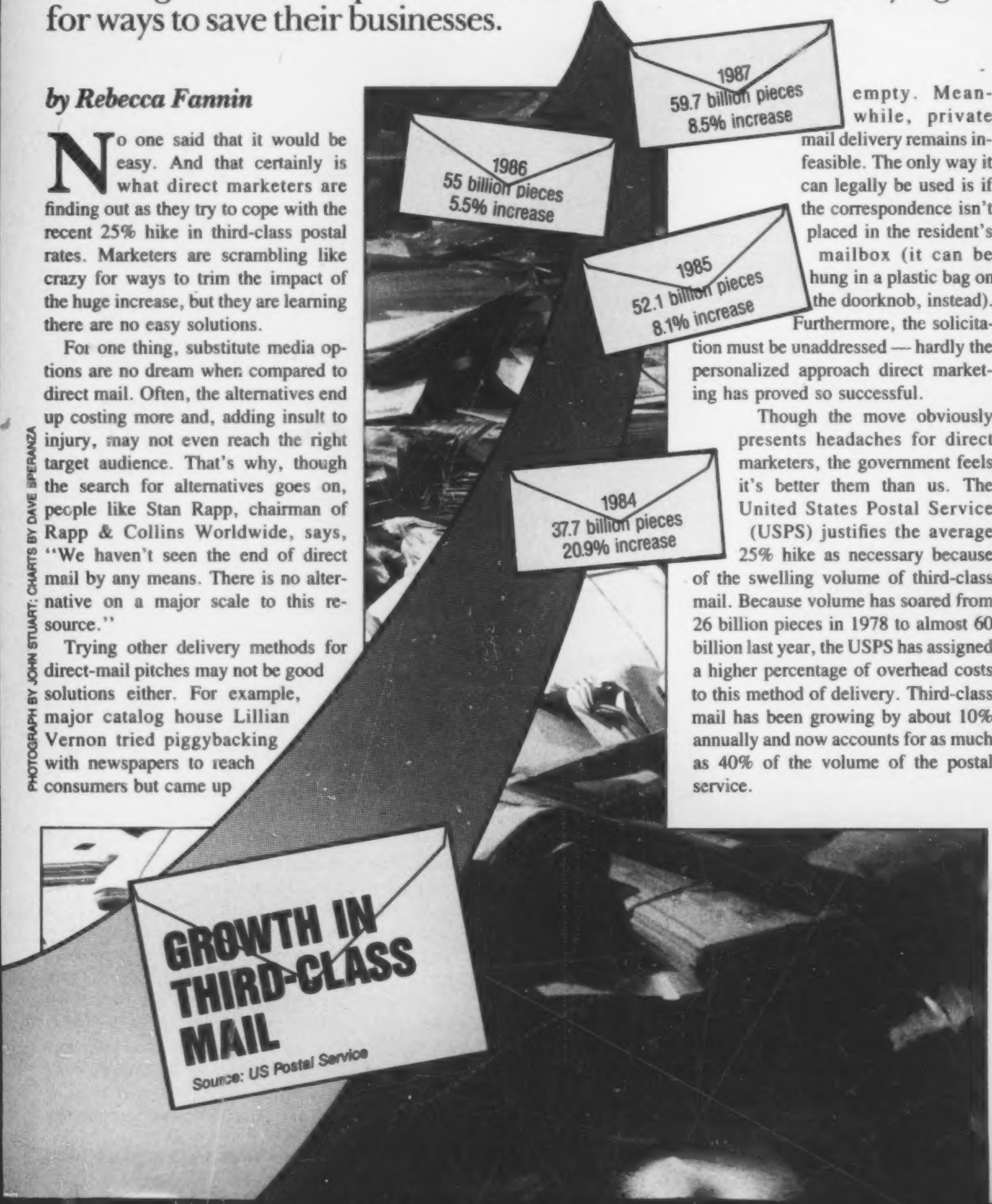
No one said that it would be easy. And that certainly is what direct marketers are finding out as they try to cope with the recent 25% hike in third-class postal rates. Marketers are scrambling like crazy for ways to trim the impact of the huge increase, but they are learning there are no easy solutions.

For one thing, substitute media options are no dream when compared to direct mail. Often, the alternatives end up costing more and, adding insult to injury, may not even reach the right target audience. That's why, though the search for alternatives goes on, people like Stan Rapp, chairman of Rapp & Collins Worldwide, says, "We haven't seen the end of direct mail by any means. There is no alternative on a major scale to this resource."

Trying other delivery methods for direct-mail pitches may not be good solutions either. For example, major catalog house Lillian Vernon tried piggybacking with newspapers to reach consumers but came up empty. Meanwhile, private mail delivery remains infeasible. The only way it can legally be used is if the correspondence isn't placed in the resident's mailbox (it can be hung in a plastic bag on the doorknob, instead). Furthermore, the solicitation must be unaddressed — hardly the personalized approach direct marketing has proved so successful.

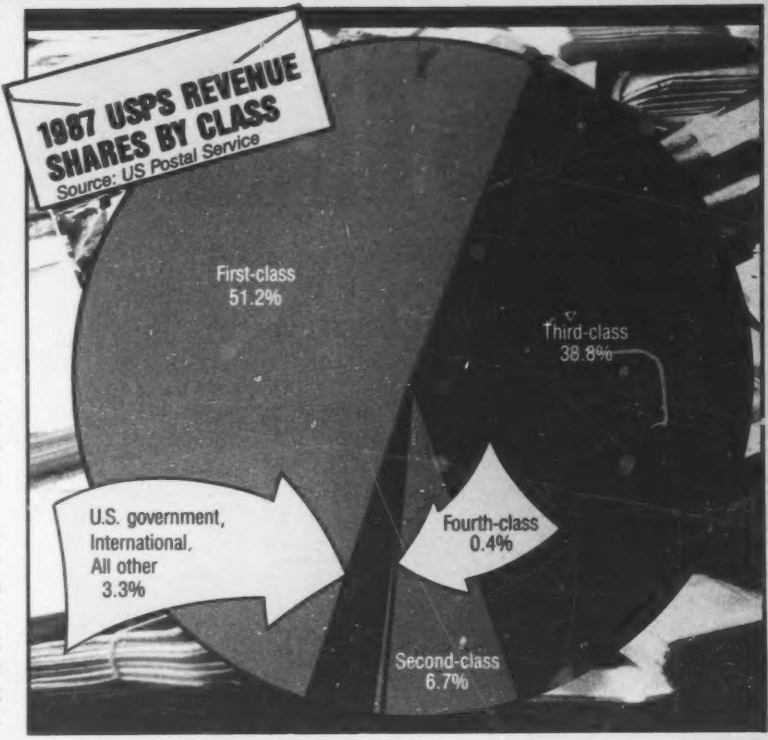
Though the move obviously presents headaches for direct marketers, the government feels it's better them than us. The United States Postal Service (USPS) justifies the average 25% hike as necessary because of the swelling volume of third-class mail. Because volume has soared from 26 billion pieces in 1978 to almost 60 billion last year, the USPS has assigned a higher percentage of overhead costs to this method of delivery. Third-class mail has been growing by about 10% annually and now accounts for as much as 40% of the volume of the postal service.

PHOTOGRAPH BY JOHN STUART; CHARTS BY DAVE SPERANZA



GROWTH IN THIRD-CLASS MAIL

Source: US Postal Service


1987 USPS REVENUE SHARES BY CLASS
Source: US Postal Service

With postage accounting for as much as 20% of direct mailers' costs, however, the move is on to tighten pocketbooks. Since most other options are found wanting, many firms report they are looking inward for ways to save money on direct-mail pitches.

At Royal Silk, Ltd., for instance, the plan is to absorb some of the increased costs by cutting its 24 million mailings this year by 14%. Royal Silk also plans to replace 80 lb. paper stock with some 60 lb. weight instead.

In another form of retrenchment, the catalog house has stopped renting out its coveted customer list with 1.2 million names. "We are going to keep our names and work them harder," says Gerry Pike, vice president.

Toward that end, Royal Silk in late April selected 600,000 of its best customers to receive a mailing filled with special offers — but at higher prices. Dresses were featured in the catalog because these items typically bring in an average order of $100 compared with $60 for blouses. Unusually attractive purchase incentives were also being tucked into the package. Coupons good for $5 off the pricetag and free silk washing liquids were some of the inducements to get readers to buy.

Whether or not these cost-saving measures will make up for the larger postal bill is uncertain, however, says Pike. He points out that Royal Silk's postage bill is rising this year by $630,000. That's more than 3% of the company's total gross revenues, he notes. Unfortunately, he adds, Royal Silk is also being forced to raise prices, from about $15 for a standard blouse to about $16.

Price hikes are also on call at Lillian Vernon Corp. In anticipation of the postal-rate hike, the catalog house experimented with delivering a condensed catalog via a recent Sunday edition of the *New York Times*. However, Lillian Vernon vice president Dave Hochberg termed the results "very disappointing," adding that "we aren't going to try that again." He believes the low response rates were due not only to an inability to reach the best customers but also because consumers aren't necessarily used to the idea of receiving a catalog along with the daily news.

As a final resort, Lillian Vernon plans to stay with direct mail but on a lesser scale. Catalogs are being shaved to smaller sizes. In addition, there will be fewer catalogs going out as the company steps up scrutiny of mailing lists to prospect among the most probable buyers. Higher merchandise prices are likely too, according to Hochberg.

Such cutbacks should not surprise the USPS. It had already calculated that the average 25% jump in postage rates would lead to a decline of 7 billion pieces mailed annually — a 10% drop.

But some other direct mailers as well as industry experts believe that cutting back isn't the best solution. They warn that savings through cheaper production and fewer mailings could set off a downward spiral of fewer responses and shrinking revenues. For example, at the Fingerhut Corp., vice president Michael Fisher feels strongly that "mailing less deep" can become "the beginning of the end. You ultimately have fewer orders and fewer customers. It's a five-year plan to oblivion," warns Fisher.

His solution? Mail more efficiently while maintaining volume. For instance, Fisher says the company is planning to take advantage of several discounts under the new third-class rate package. Pre-sorting by zip and carrier route in addition to bar-coding so it can be automatically sorted at the post office are among Fingerhut strategies to help absorb an approximate $1.3 million-higher postal bill.

In recent years, Fingerhut has been scouting around more frequently for new customers outside the mailbox. Fisher notes that about half of Fingerhut's solicitations skirt the post office, as compared with 10% seven years ago. Free-standing inserts (FSIs) have picked up a large percentage of that. "These programs aren't as good as direct mail because you can't pinpoint consumers," he says, "but at some price they do become better." But, he sighs, "The mailbox is still magic."

Nevertheless, certain parties are seeking to capitalize on the postal-rate rise. The newspaper industry, for example, is stepping up its sales efforts to catch some of the fall-out. "This postal-rate hike represents a competitive window of opportunity," Craig Standen, president of the Newspaper Advertising Bureau, recently told a meeting of the American Newspaper Publishers Assn. So far, though, business has picked up only slightly.

Given direct marketers' strong ties

to the post office, industry experts advise that their priority shouldn't be simply cutting back on mailings. Instead of scrimping, they believe efforts should be made to mail smartly.

More precise targeting of mailing lists to only the most likely customers should be key already, suggest consultants. But the postal hike, they note, gives direct mailers another opportunity to re-examine lists and see how they can be better targeted to key prospects. As such, lists that offer more information, such as lifestyle indicators and demographic profiles, are going to be very much in demand, predicts Jo-Ann Jensen, senior account executive at Unimail Lists, one of those information-intensive lists.

Vernon's Hochberg says papers failed to deliver.

O&M's Pickholz sees a need for the personal pitch.

Co-op mailings, like the Carol Wright program that joins several offers in one package, are among other methods that should be capturing more business, the experts predict. "You're going to see them picking up business because of the postal hike," says consultant Marc Sroge. "There's a substantial cost in acquiring and building your own house file," he notes. (See "Sales Promotion," pg. 156.)

Besides the challenge of becoming more efficient, ad agencies are the first to point out that one way to avoid waste is to make direct-mail pitches more compelling. "We're going to have to become more personal with our copy approaches," says Jerome Pickholz, chairman of Ogilvy & Mather Direct. "You can't do, 'Dear occupant, You're a fine old friend of mine . . .' "

Mailers that still find these methods lacking might give first-class mail a try. *Reader's Digest*, for one, is considering greater use of first-class post cards for subscriber renewals, according to Cary Baer, vice president of distribution. "Although you pay more, you get a greater degree of delivery with first class," he notes.

Working within the mail system has become a focal point because of the drawbacks with alternative media. For one, massive trading from the mailbox to the phones isn't likely, says telemarketing consultant Isaac Frydman. He notes that "the difference in cost between them is very wide": The average cost per contact is $2.50 for telemarketers compared with 20¢ to 30¢ for mail pieces.

In addition, direct response through television commercials only compares favorably on a cost basis to mail when the offer is extremely compelling to many, says Rick Sangerman, senior vice president and director of client services of A. Eicoff & Co., which specializes in the medium. "If the offer is strong enough and has wide appeal, then the cost per lead is lower than print or direct mail," he adds. Despite that caveat, Sangerman says that he has been presenting clients with the idea that tv has become more attractive since the postal increase. He claims that a few clients have expressed a willingness to experiment with direct-response offers on tv.

Shuffling wads of dollars to print instead also doesn't make much sense, say the experts. It's difficult to get the customary fine targeting that direct mail affords, points out Marc Sroge. And the kicker, he notes, is that "you need a high response rate to offset the high cost of space." Besides that, the experts say, it's difficult to coordinate production schedules with the publications. However, he predicts that more direct mailers will be dropping sales letters and brochures into magazine polybags.

Given the few alternatives, the direct-marketing industry has resorted to examining a host of ways to work with the post office. A task force of the Direct Marketing Assn. (DMA) has proposed to the USPS a way of using private mailers. Because law prohibits mail without postage, one proposal calls for a USPS surcharge of 75¢ per piece that would still make it economically possible to use private carriers. However, the DMA has to fight another legal restriction over the postal service's exclusive right to enter a mailbox.

Because of the large volume of direct mail, a mass exodus to private carriers isn't seen as realistic anyhow. "We send out millions of mailings every year," points out Royal Silk's Gerry Pike. "You can use private carriers on a project basis, but no other service can handle that volume."

What the rate increase may ultimately bring is a new era of reluctant cooperation. One proposal before the DMA would work on resolving one of the biggest gripes the industry has with the post office — higher rates and poorer service. For example, a recent study by Mailing Lists Users & Suppliers Assn. found that the percentage of third-class bulk mail that is lost in transit has risen to nearly 10%. Further, a joint study between the Direct Marketing Assn. and Doubleday Publishing has found a non-delivery rate of 14.1%, for Fingerhut catalogs mailed in 1987 compared with 10.5% for Spiegel catalogs mailed in 1983.

If all else fails, some may try cash: Stan Rapp of Rapp & Collins suggests that the industry offer cash bonuses from $500 to $100,000 for postal workers who propose ways of improving productivity. ■

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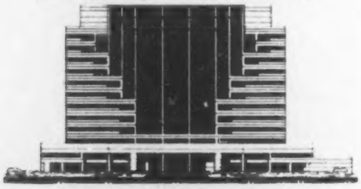

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MAGAZINES

Ron Lawrence
Vice president, media director,
D'Arcy Masius Benton & Bowles,
Los Angeles

THE VALUED READER

Trying to even define, let alone measure, a concept as illusive as "readership vitality" borders on the metaphysical. Yet failure to recognize the unique relationship a magazine has with its audience tends to result in a superficial evaluation process that overemphasizes the importance of boxcar "readership" numbers as reported by syndicated research.

The uniqueness of magazines (and most print media, for that matter) lies in the fact that, unlike broadcast media, it requires a sizeable commitment on the part of the recipient. We recently ran across a statement on the subject that is most apropos: "The act of reading is essentially a process of thinking. It has scan and scope beyond any camera . . . It is a concentratively individual act, an involvement."

That involvement is not only characterized by an investment of time (television also requires that) but a willingness to actively participate. And to boot, it comes with a price in the form of subscription rates that can be substantial or individual copy costs that are, cumulatively, higher still.

None of this, of course, can be reflected in the usual syndicated-research estimates. But if readers-per-copy type analyses don't reflect reader commitment, what does? Proprietary research offered by the publications themselves often provides some insight on the issue. The shortcoming of this source is that it has a tendency to be self-serving.

And what are we to make of the qualitative magazine factors that Mediamark Research Inc. (MRI) has been measuring so diligently for the past five years? Going where rival Simmons Market Research Bureau (SMRB) has feared to tread, MRI's given us head counts on "primary vs. secondary" audiences, "number of days spent reading," "reader interest in advertising," etc. While you can't help but applaud their efforts, one approaches such data with embers of skepticism vigorously fanned by ever-wary agency research directors. Their concerns invariably center around methodology and the stability of the data.

So ultimately you suspect that clues to the answer on this issue can be found in the ABC statement. Yet, while the veracity of this document is accepted by our industry, its contents are certainly subject to interpretation. For example, is a strong single-copy circulation more indicative of magazine vitality than one that relies almost exclusively on subscription sales? And regarding subscription sales, is the extensive practice of selling below basic prices in and of itself a sign of weak product appeal? Is a high bonus circulation a result of surging consumer demand or the product of short-term sales tactics of a zealous circulation department?

There is no single interpretation of any magazine data, on or off the ABC statement, that provides a definitive answer on reader vitality. And the one piece of information we really crave, "percent reader renewals," is a number that most publishers will gladly divulge . . . at gunpoint.

However, a return to a point made earlier on the price of reader participation does lead to a tenable premise: If a magazine is able to get consumers to pay more for its product than other apparently equitable alternatives, that should say more about its vitality than any attempt at statistical measurement ever could.

Therefore, by estimating what consumers actually pay for circulation (based on ABC data, with particular emphasis on "Paragraph 11"), we

Exhibit I
CIRCULATION BREAKDOWN

PUBLICATION	(000) CIRC. (RANK)	% SUBS/NEWS.	SUB. PRICES: % BASIC/LOWER
Better Homes and Gardens	8,094 (1)	93/7%	2/98%
Family Circle	5,994 (2)	12/88	40/60
McCall's	5,349 (3)	87/13	16/84
Woman's Day	5,264 (4)	2/98	100/0
Good Housekeeping	5,176 (5)	68/32	57/43
Ladies' Home Journal	5,043 (6)	81/19	7/93
Redbook	3,942 (7)	82/18	4/96

Source: June 30, 1987 ABC Statements

Exhibit II
ECV RANKINGS

PUBLICATIONS	ESTIMATED COST PER COPY SUB, PER COPY* ($)	SINGLE ($)	WTGD. AVG. ($)	ECV** (RANK) ($000)
Better Homes and Gardens	.69	1.50	.75	6,045 (2)
Family Circle	.85	.95	.94	5,621 (4)
McCall's	.72	1.50	.82	4,394 (6)
Woman's Day	.89	.99	.99	5,200 (5)
Good Housekeeping	1.24	1.86	1.44	7,594 (1)
Ladies' Home Journal	1.02	1.50	1.14	5,749 (3)
Redbook	.66	1.50	.81	3,198 (7)

* *Estimated from data provided on June 30, 1987 ABC Statements, Paragraphs 1, 3, 4, 6, 11*
***Estimated circulation value*

Exhibit III
THREE MEASURES

PUBLICATION	FOUR-COLOR PAGE COST* ($000)	CPM (RANK) W18+	CIRC.	ECV**
Better Homes and Gardens	103.5	4.41 (6)	12.79 (4)	17.12 (6)
Family Circle	73.0	3.46 (2)	12.18 (1)	13.00 (4)
McCall's	66.8	4.20 (3)	12.49 (3)	15.20 (5)
Woman's Day	65.7	3.27 (1)	12.48 (2)	12.62 (3)
Good Housekeeping	88.1	4.30 (4)	17.02 (6)	11.60 (1)
Ladies' Home Journal	67.2	4.33 (5)	13.33 (5)	11.69 (2)
Redbook	61.0	5.75 (7)	15.47 (7)	19.07 (7)

Source: Marketer's Guide to Media; *First quarter 1988*
* *Non-negotiated rates.*
** *ECV = Estimated circulation value. Sample calculation:* Ladies' Home Journal – *$67,200 page cost ÷ ECV of $5,749M as indicated on previous exhibit.*

have developed a concept that we call Estimated Circulation Value (ECV).

To flesh out this concept and demonstrate how it might work in a "real-world situation," let's apply it to the women's service field's Seven Sisters.

First off, what is so interesting about this category is its broad spectrum of circulation sales strategies, summarized in Exhibit I. For example, *Woman's Day* garners 98% of its sales from single copies; *Better Homes and Gardens*, only 7%. Only *Good Housekeeping* maintains some semblance of balance between subscription and newsstand sales. This balance is further maintained in the selling of subscriptions at basic vs. lower-than-basic prices (i.e., 57%/43%). Conversely, note in the exhibit that *Better Homes and Gardens* sells only 2% of its subscriptions at basic prices, offering 98% at lower than basic.

Audit statements can be used to put an estimated value on reader interest and a new light on the cost of an ad page.

Better Homes and Gardens is clearly the circulation leader, though we wonder at what price it is able to generate and maintain 8+ million copy sales. Exhibit II answers this question. Note the variances in single and subscription copy costs and the resultant estimated circulation value derived from multiplying "cost per copy" by the appropriate circulation counts in each category, referenced in the previous exhibit.

An interesting thing has happened: *Good Housekeeping*, ranked fifth in circulation, is number one when the ECV is calculated. With a circulation of "only" 5,176,000, it is able to generate an estimated revenue of $7,594,000, far exceeding any competitor in the category.

In an opposite view, *Better Homes and Gardens*, the circulation leader, has the lowest average per-copy price in the category. This results in an ECV that demotes it to second place, not substantially ahead of the third- and fourth-ranked competitors.

Finally, as to how this information might be incorporated into magazine evaluations, note the fresh perspective ECV can bring to cost-efficiency analyses. Exhibit III shows national CPM comparisons that have been developed against three alternative bases: Women 18+ (as reported by Spring 1988 MRI); Total Circulation; and Estimated Circulation Value.

Two publications, *Good Housekeeping* and *Ladies' Home Journal*, did not rank high in the "boxcar number" efficiencies of syndicated research against women 18+. They fared worse against reported total circulation. However, when a *value* is assigned to that circulation, i.e. the price that the consumer is willing to pay for it, both publications are clearly more efficient than other contenders in the category.

Assuredly, the application of ECV to this or any type of magazine analysis would need to be reviewed with some degree of regularity, especially in a category as kinetic as the Seven Sisters, given circulation erosion trends, intense rate negotiating, editorial repositionings, etc. The point remains: The magazine-selection process should factor in a reward for publications that have demonstrated an ability to deliver a product that the consumer is willing to pay a higher price to get, given several essentially equitable alternatives. Estimated Circulation Value does just that. ■

ECV data should be reviewed on a regular basis to account for such variables as erosion, repositionings and negotiation.

TELEVISION

David Lerner

Senior vice president, broadcast supervisor, FCB/Leber Katz Partners, New York

UNDERSTANDING EROSION, PART I

Network erosion had been ongoing in most key dayparts for a decade. When compounded with media inflation, a convenient solution to advertisers' problems was diversion of a fixed percentage of funds to alternative national broadcast media such as syndication and basic cable networks. For nine years, this solution worked adequately. But this year, the preliminary results of people-meter measurements jolted the advertising community into realistically grappling with the issue of erosion.

It has become both trendy and convenient to suggest shifting network dollars toward cable networks as this year's handy solution to network erosion. For several reasons, this logic is not foolproof.

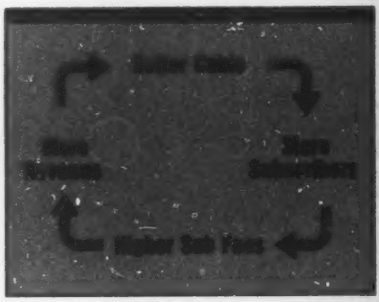
- Advertiser-supported cable networks are not the only entities benefitting from network's tailspin. Both pay-cable and independent audiences are up 14% this past year.
- A major portion of cable network's maturation is occurring in non-network programed dayparts, such as early fringe and weekend day.
- Basic cable is poaching viewers from superstations and independents as well as network affiliates. This indicates a need to both redirect expenditures within the cable universe and shift spot dollars over to cable networks.

A broader perspective on cable's upswing is needed before radical shifts of advertising dollars from the networks toward cable are implemented.

The termination of must-carry rules in January 1987 launched cable into a new era. As standard broadcast channels were dropped from many cable systems' rosters, superior dial positions opened to cable networks. Concurrently, ESPN inked its NFL contract, spurring demand for cable both from citizens in areas not yet passed and from non-subscribers in passed areas.

Meanwhile, cable quietly passed the critical-mass level of 50% U.S. penetration. Conceptually, cable shifted categorically from luxury to necessity, as consumers lumped their cable bills in with other utility payments. When deregulation led cable networks to double or triple the subscriber fees charged to systems, and the systems in turn passed these expenses on to consumers, churn was minimal. This enabled cable networks to enter a loop of quality that caused ratings to spiral.

There is substantially more profit for cable in subscriber fees than in advertising sales. Deregulation engendered the higher subscriber fees that netted the needed revenue to both finance acquisition of improved product and produce more original programing. Once better cable is available, aggressive marketing and intensive promotional activity yield ratings increases while concurrently building demand from those not enfranchised. Subscriber lists grow, viewer satisfaction cements and the cable networks raise the MSOs' sub fees. The loop therefore is completed



BRAND REPORT

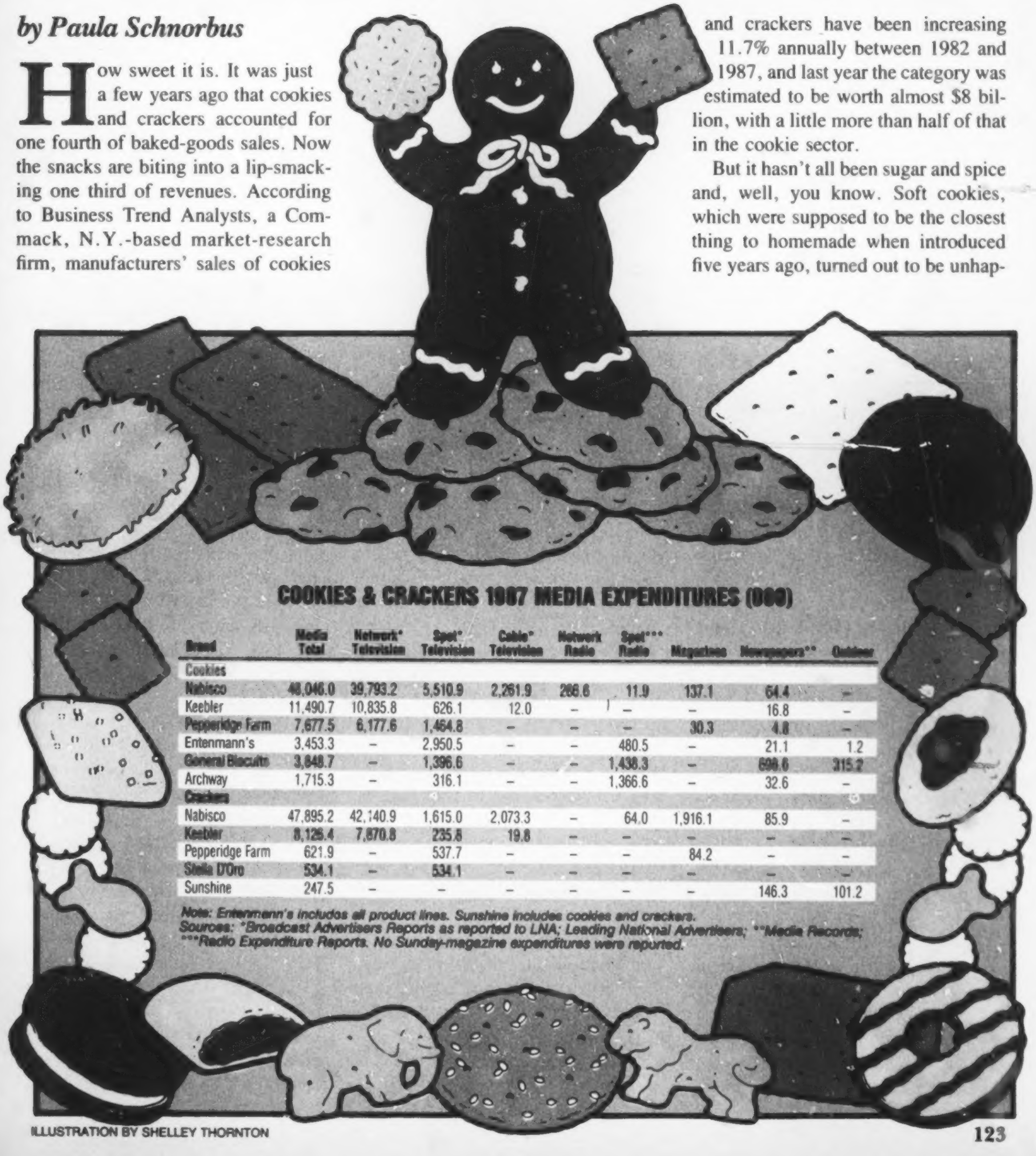
No. 153: Cookies and Crackers

NIBBLE, NIBBLE

by Paula Schnorbus

How sweet it is. It was just a few years ago that cookies and crackers accounted for one fourth of baked-goods sales. Now the snacks are biting into a lip-smacking one third of revenues. According to Business Trend Analysts, a Commack, N.Y.-based market-research firm, manufacturers' sales of cookies and crackers have been increasing 11.7% annually between 1982 and 1987, and last year the category was estimated to be worth almost $8 billion, with a little more than half of that in the cookie sector.

But it hasn't all been sugar and spice and, well, you know. Soft cookies, which were supposed to be the closest thing to homemade when introduced five years ago, turned out to be unhap-



COOKIES & CRACKERS 1987 MEDIA EXPENDITURES (000)

Brand	Media Total	Network* Television	Spot* Television	Cable* Television	Network Radio	Spot*** Radio	Magazines	Newspapers**	Outdoor
Cookies									
Nabisco	48,046.0	39,793.2	5,510.9	2,261.9	266.6	11.9	137.1	64.4	–
Keebler	11,490.7	10,835.8	626.1	12.0	–	–	–	16.8	–
Pepperidge Farm	7,677.5	6,177.6	1,464.8	–	–	–	30.3	4.8	–
Entenmann's	3,453.3	–	2,950.5	–	–	480.5	–	21.1	1.2
General Biscuits	3,848.7	–	1,396.6	–	–	1,438.3	–	698.6	315.2
Archway	1,715.3	–	316.1	–	–	1,366.6	–	32.6	–
Crackers									
Nabisco	47,895.2	42,140.9	1,615.0	2,073.3	–	64.0	1,916.1	85.9	–
Keebler	8,126.4	7,870.8	235.8	19.8	–	–	–	–	–
Pepperidge Farm	621.9	–	537.7	–	–	–	84.2	–	–
Stella D'Oro	534.1	–	534.1	–	–	–	–	–	–
Sunshine	247.5	–	–	–	–	–	–	146.3	101.2

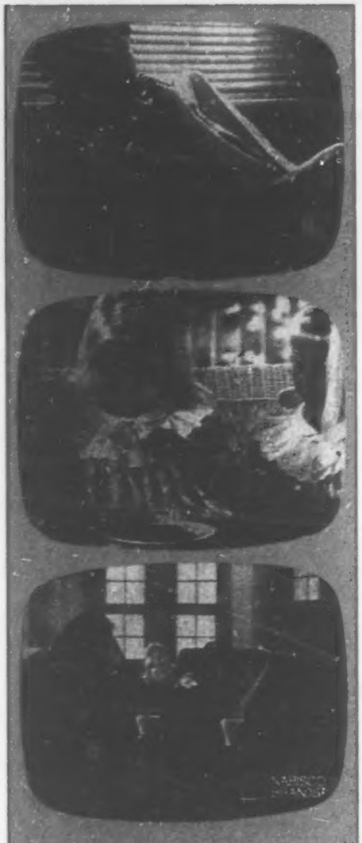
Note: Entenmann's includes all product lines. Sunshine includes cookies and crackers.
*Sources: *Broadcast Advertisers Reports as reported to LNA; Leading National Advertisers; **Media Records; ***Radio Expenditure Reports. No Sunday-magazine expenditures were reported.*

ILLUSTRATION BY SHELLEY THORNTON

pily soft performers. Nearly all the cookie makers who jumped into this segment with huge marketing dollars came up hungry.

Perhaps that is why there is a real air of conservatism in the cookie market today. Cookie and cracker manufacturers seem to be less than inspired in product offerings, which are heavy on line extensions for the most part. "Heavy" is an appropriate word to describe what has been happening to some cookies whose faces seem to have been attacked by chocolate squirt guns. Marketers seem to be playing it safe by toying with tried-and-true brands like Nabisco's Oreo cookies, now choked in chocolate with a fudge covering, as are Keebler Grasshopper sandwich cookies and Sunshine's Hydrox, an Oreo-lookalike cookie. Meanwhile, Nabisco's Ritz crackers now have a shrunken size called Ritz Bits for serious handful-to-mouth snacking, and Keebler has downsized its Townhouse crackers, their answer to Ritz, and come up with Townhouse Cheddar Juniors.

One of the big stories has been the renewed strength of Nabisco Brands — long the market leader — in this category. Though major marketers such as Frito-Lay and Procter & Gamble did their best to power into the category, using the soft-cookie fad as a launching pad, Nabisco was able to pour it on and defeat the invaders. George Thompson, an analyst at Prudential-Bache Securities, adds that even though Nabisco joined the soft-cookie fray after originator Procter & Gamble brought out its Duncan Hines cookies, "Nabisco has the strongest distribution in baked goods. When a company like P&G comes in to grab market share, they have an extraordinarily difficult time because Nabisco has all the good shelf space and the good distribution system."



Oreo appeals to the kid in all of us.

John Wendler, a vice president of Glendinning Associates, a marketing consulting firm, explains that Nabisco's form of direct-store delivery is welcomed by store managers because it is labor-saving and cost-efficient. Keebler, another major player in the cookies and crackers field, also has direct-store delivery, while Sunshine uses the warehouse method. This latter distribution system is cheaper for manufacturers, so the products may be less expensive, but warehouse distribution may involve more labor costs for the retailer.

Not content to rest on its comfortable lead, Nabisco introduced a whopping 18 new products and line extensions last year. Wendler explains that by coming out with a truckload of new brands, Nabisco was more assured of a chunk of shelf space. Had Nabisco trickled out products item by item, the company might have been forced to remove existing brands and make room for new ones.

Interestingly, although nearly every other food category is trying to make some kind of "healthful" claim these days, cookies don't mind keeping their more "sinful" image. Stuart Greenblatt, spokesman for Keebler states, "Cookies are treats, and they still continue to be so. We're not advocating or promoting nutrition or health information with our products at all." And that is a good thing too. The Center for Science in the Public Interest, a non-profit consumer information organization based in Washington, D.C., says the average cookie gets about 40% of its calories from fat and 30% from sugar.

Over in cracker land, the latest craze has them getting lighter, with low-salt varieties and miniaturization. For example, Nabisco is mimicking Pepperidge Farm's Goldfish by pushing Quackers. Beth Mitenbuler, a marketing manager with Pepperidge Farm's biscuit division, points out that Nabisco's packaging for American Classics crackers bears a close resemblence to Pepperidge Farm packaging.

Families continue to be the target audience of cookie makers, although industry observers think that cookie offerings will be designed to appeal more to grown-ups as baby boomers get older. Crackers, which have been geared more to adults, seem to be going in the opposite direction. As crackers get more diminutive, so do their consumers. Wendler of Glendinning says Ritz Bits are turning crackers into finger food, almost competing with chips. Thus, a subtarget of kids is created.

Following are profiles of cookie and cracker companies with the greatest market shares. The cookie companies with the biggest shares, based on 1987 estimates of retail sales from Business Trend Analysts are RJR Nabisco Inc.'s Nabisco Brands, with a 35% share; United Biscuits Holdings' Keebler, with 15%; G.F. Industries' Sunshine Biscuits, with 6%; and Procter & Gamble's Duncan Hines soft cookies, with 5%. It must be noted, however, that LNA reports about $2.5 million was spent in 1987, but a P&G spokesman says marketing money currently is nonexistent.

Nabisco's estimated 54% share overwhelms all other cracker-company contenders. Dropping down to second place is Keebler, with an estimated market share of 19%, while Sunshine Biscuits weighs in at 11%.

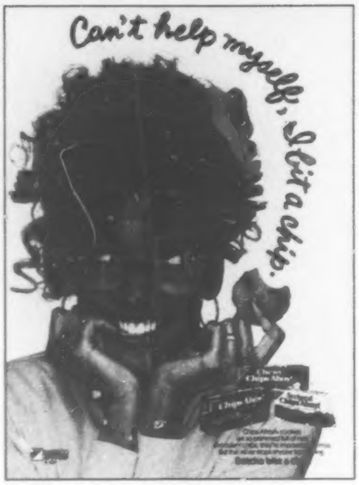
Based on Packaged Facts Inc.'s cookie-and-cracker report, Campbell Soup Co.'s Pepperidge Farm has been included in the roundup because of its estimated 1986 share of 6%. Other companies Packaged Facts has listed as viable players in the cookie market are Archway Cookies Inc., General Biscuits of America and the Entenmann's division of General Foods Corp. Pepperidge Farm's crackers and Stella D'oro breadsticks also make the cracker list.

COOKIES

Nabisco

Nabisco, a cookie monster that tenaciously gobbles up more than half of the market, also boasts the biggest-selling cookie, Oreo, which turned 75 in 1986. Nabisco also takes credit for the number-two-selling cookie, Chips Ahoy, which is celebrating its 25th year with a birthday bash in Acapulco this month.

These two confections head up Nabisco's cast of some 70 cookie varieties, leaving no target audience unturned. But the headliner is Oreo, around which Nabisco has built a brand-family franchise. The basic Oreo appeals to kids as well as grown-ups, or the "kid in all of us." Big Stuf, the three-inch-wide Oreo line extension, is targeted at teenagers, while fudge-covered Oreos are aimed more at adults as the initial ads for the chocolate-laden cookies begged you to "indulge yourself." The primary consumer target is women 25 to 54. Fudge-covered Oreos were one of the 18 new products or line extensions Nabisco introduced a year ago.


Can't help myself, I bit a chip.
Betcha bite a chip

Chips Ahoy is celebrating 25 years with a birthday bash.

Chips Ahoy are being drowned in chocolate coatings also but only on their bottoms and in stripes on their tops. The current tagline for Chips Ahoy is, "Betcha bite a Chip."

Both Chips Ahoy and Oreos are advertised in every daypart imaginable on network, syndication and cable tv. Chips Ahoy and Oreo are just two of the Nabisco brands that are now part of brand families. Newtons, with their six flavors of fruit cookies and a new seventh flavor, raspberry, have been forming a brand family since the first "sibling" of Fig Newtons was born in 1983. Party Grahams, which are fudge-covered, stood alone until they became part of the Cookies 'N Fudge family that also includes chocolate chip and fudge-striped shortbread cookies. Packaging for Newtons and Cookies 'N Fudge have become uniform.

Nabisco's Almost Home variety of soft cookies has a new family-size, 16-ounce bag. Three of the 12 cookie flavors are advertised in a free-standing

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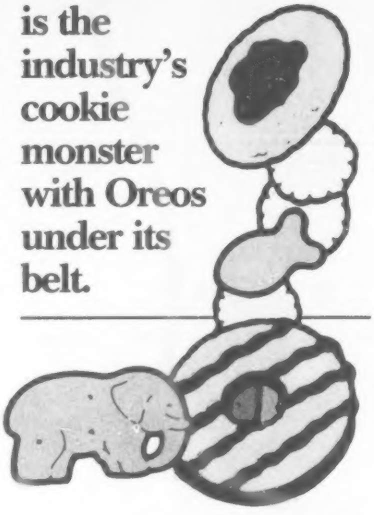
3/4

insert, but that is the only place one may see them currently because Nabisco's brand of soft cookies haven't been advertised.

Some Nabisco cookies also are sold in variety packs with, for example, three different kinds of Newtons in one package. In addition there is a downsized package for some brands, such as the Oreo and Chips Ahoy flagships. Instead of a box of three stack packs, there are boxes with just one stack pack. New packaging also includes individual servings, such as a three-inch Oreo for a convenience store or packages of three or four smaller cookies.

Not all of Nabisco's seemingly infinite varieties of cookies are advertised. Giggles, a sandwich cookie geared to children, and the Newton family are advertised primarily on tv, and Nilla wafers are advertised mostly in print. Caroline Fee, Nabisco spokeswoman, adds that "We don't feel Barnum's Animal Crackers need advertising. They're at a child's eye level in grocery stores," she explains. The animal crackers are advertised at point of sale and sometimes in end-of-aisle displays. "They certainly hold their own without a bigger advertising budget," Fee observes. LNA reports that Nabisco's overall cookie budget in 1987 certainly was a big one with $49.3 million in expenditures, about $11 million more than 1986, keeping in mind the 18 new products.

Nabisco is the industry's cookie monster with Oreos under its belt.



Even if Nabisco doesn't advertise all of its brands, it does use all media types, including newspapers, outdoor, radio and direct-mail couponing. LNA reports that Nabisco hasn't been using much magazine advertising, but its cookies have appeared in *Ebony, Essence* and *Southern Living*.

FCB/Leber Katz Partners, which has been handling Nabisco cereals and Vantage and Salem cigarettes, has added Nabisco cookies to its roster. Up until recently, Nabisco's ad agency for cookies was Saatchi & Saatchi DFS Compton. But the agency got the boot after the RJR half of RJR Nabisco didn't care for smoking ban tv ads created by Saatchi for Northwest Airlines.

Nabisco also has its share of consumer promotions, and the company is one of the official Olympic sponsors, just finishing an Olympic team jacket promotion. Another promotion is the Oreo triathlon, with a grand prize of $100,000 if you get three gold medals on a game card in a package of Oreos. "Summer Snackin" is an in-store sweepstake for the whole family, with

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DISTRIBUTION
GOING INTERNATIONAL?
Learn to earn more of these...

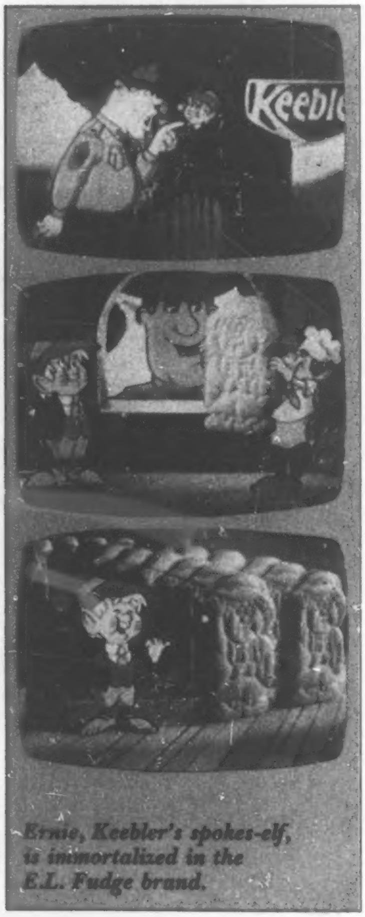
prizes such as a child's pedal car and an inflatable paddle boat.

Keebler

Believe it or not, Keebler has had the same "spokes-elf" for 20 years. Ernie, a creation of Leo Burnett, and his elfin pals have been baking Keebler's "uncommonly good" cookies in a hollow tree all this time, and he has even been immortalized in his own cookie shape, the E.L. Fudge brand.

That brand, like Keebler's Grasshopper variety, has been covered, or "enrobed," in chocolate. More sandwich types have been added to Keebler's 40-plus varieties of cookies that include Pecan Sandies and French Vanilla Cream sandwich cookies. Even though Keebler has animated ads, the appeal is to the whole family, not just the kids, says Stuart Greenblatt, spokesman.

He adds that the cookie category is highly competitive because most of the time cookies are purchased on impulse. Keebler tries to have "a lot of end-aisle promotions. We make sure we're well positioned with high impact and high visibility displays," he says.



Ernie, Keebler's spokes-elf, is immortalized in the E.L. Fudge brand.

Keebler also does a substantial amount of point-of-purchase promotions with seasonal offers, such as spring sports equipment and back-to-school pencil sets. There are proof-of-purchase promotions that offer elf telephones at Christmas. The company has also been expanding its vending-machine products and downsizing the bags of more popular lines of cookies.

Network tv is Keebler's principal medium lately, says Greenblatt, and 30-second spots are run during daytime and evening family-oriented programing. Free-standing inserts are popular for introducing new brands and promoting existing brands. Keebler cookies don't appear in magazines, outdoor or radio ads. According to LNA, Keebler spent about $11.5 million on its cookie advertising last year.

Sunshine

Sunshine, an 86-year-old company that boasts its Hydrox chocolate-sandwich cookie came out two years before Nabisco's Oreo, was recently taken private by G.F. Industries after being put on the block by American Brands Inc.

There are some 40 varieties of Sunshine cookies, including Chip-a-Roos and Vienna Fingers. Sunshine also has dipped its Hydrox chocolate sandwich cookie in chocolate. Alexander Nichols, director of advertising and marketing sales, says that the target audience is mostly children, with the exception of Vienna Fingers, which are more adult-oriented. Recently, Sunshine introduced Bavarian Fingers, which are the chocolate opposite of the vanilla sandwich Vienna variety.

A new children's cookie to capitalize on the dinosaur fad is the chocolate "Cookiesaurus." They join the Grahamy Bears, bear-shaped graham cookies, a recent introduction. There also are pecan and applesauce cookies, two new bag cookies that debuted last year.

Goodness and the Baker Man, Sunshine's package mascot of some 15 to 20 years, has been the company's theme of sorts recently. Advertising has been fairly limited, according to Broadcast Advertiser Reports and LNA. Some spot television was used for Hydrox commercials earlier this year. Network and cable haven't been used recently, nor have magazines. Direct-mail couponing and free-standing inserts are used as well as ROP ads in newspapers. Nichols says Della Femina, Travisano & Partners, Sunshine's agency since August, is currently working on a new campaign.

Reshape your view of the sandwich cookie.
Vienna Fingers
SAVE 40¢
Sunshine

Sunshine's Vienna Fingers have more adult appeal.

Pepperidge Farm

Pepperidge Farm, which has primarily pitched European-style cookies such as Milano, Brussels and Geneva, finally came out with an American Collection of five cookie varieties that are "lumpy and bumpy," with chocolate chunks rather than chocolate chips, for example. "It's like taking a Mrs. Fields cookie and packaging it for the supermarket," says Karen Gates, marketing manager, cookies.

Even the bags are shorter, wider and costlier: For $1.99, there are eight cookies in a bag, double the price of some of the other Pepperidge Farm cookie offerings. The American Collection goes after the family, rather than the upscale audience of the rest of Pepperidge Farm cookies, which have been around since 1955. When Pepperidge Farm's "Old Timer" ad spokesman of 32 years started pitching the new cookies, he remarked that they have "more personality than most folks we know." But the message for all 40 Pepperidge Farm cookies stresses their "quality and very special premium taste," says Gates.

Advertising created by Ogilvy & Mather is primarily through tv and FSIs in Sunday newspapers. The cookies ap-

"We get you the food business!"

with the largest daily and Sunday newspaper circulation in affluent Fairfield County... a top market; 2nd in the United States in Median Household Effective Buying Income. (S&MM)

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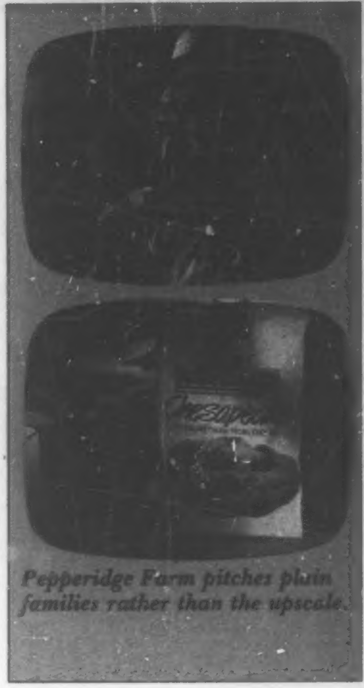


Pepperidge Farm pitches plain families rather than the upscale.

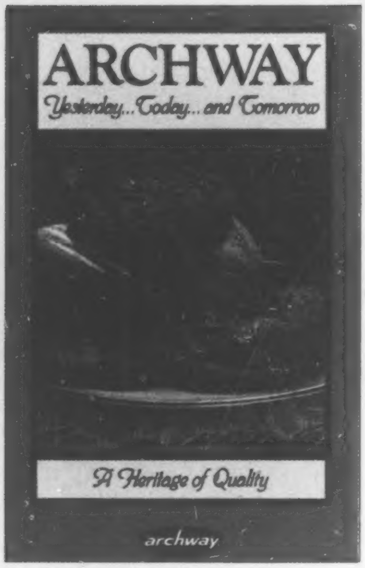
pear in three 15-second and one 30-second commercial on network prime-time and daytime tv with some supplemental spot tv. ROP ads in newspapers aren't used on a regular basis because "it is hard to get appetite appeal in newspaper photography," explains Gates. Pepperidge Farm also has been exploring trial-oriented promotions.

While she wouldn't reveal the 1988 budget, Gates said about $10 million was spent on cookie advertising last year.

Archway Cookies

Here is another seemingly good-for-you cookie that gets more attention from adults. Chan Wiltse, national marketing manager, says the target audience is 35 and up, but "we have an exceptionally big following with 45 and up. It seems that after they get older, they get more of a taste for homestyle soft cookies. We don't do very well with children," notes Wiltse.

The 51-year-old Archway brand has always been in plain cellophane wrapping "so you can see all the cookies," says Wiltse. Up until recently, there have been a dozen of the larger-size cookies per package, but in the last two years, smaller cookies have been



Archway cookies have attracted adults.

placed in bags to appeal to a younger target group.

Wiltse says that although there are some 50 flavor varieties, Archway's nine different bakeries around the country are autonomous and peddle what sells best in their markets. About 35% of Archway's cookies are of the oatmeal variety, but Wiltse says molasses is popular in Minneapolis while New Yorkers are big on chocolate.

Different regions may have different cookies, but the sentiment or tagline, "Any time is Archway cookie time," is the same. Wiltse says that Archway's in-house agency creates a new theme yearly.

Archway's :30 tv spots appear on network game shows and also on spot tv. Radio commercials are :60s, and free-standing inserts and ROP ads are used in newspapers. Archway's FSIs also are in Carol Wright coupon mailings. Trade ads are in *Supermarket News* and *Progressive Grocer*, but advertising in consumer books such as *Modern Maturity* and *Ebony* is currently on hiatus.

In 1987, Archway had $316,100 in ad expenditures, according to LNA.

Entenmann's

Entenmann's, the General Foods unit whose tagline is, "You can't get better unless you bake," even has box colors for its cookie varieties that would most be associated with the neighborhood corner bakery box, such as white or tan, depending on the region, says Evan Schlessinger, corporate product manager.

The company has been making homestyle cookies since 1977 and has lately added the Deluxe line (three-inch cookies geared to families) and a gourmet line with more adult positioning. There are 25 to 30 varieties of Entenmann's cookies in its four bakeries around the country. Entenmann's has been moving out from its East Coast roots and began hitting the West Coast in the mid-1980s. Products are available in 70% of the nation.

Entenmann only has an umbrella campaign for its products; the cookies aren't pitched by themselves. The media plan includes :30 commercials on spot tv, :60s on spot radio, newspaper FSIs and direct-mail couponing. Schlessinger says Entenmann's is "always doing premiums," such as free mugs, strawberries, milk or eggs at Easter.

Media Records reports that about $21,139 was spent on Entenmann's products last year. LNA didn't report any expenditures.

General Biscuits of America

Perhaps best known for its Girl Scout cookies, General Biscuits of America also nationally markets Lu premium cookies.

Because of their premium orientation, says Ronald P. Splinter, vice president, sales and marketing, the 20

Le Petit Beurre
LU
Le Petit Beurre
Aloha
EUPHRATES

Lu cookies have a more affluent audience.

"You mean you tried to cover Orange County with a Los Angeles newspaper?!!"

The Orange County Register has 81% more daily and 62% more Sunday circulation in Orange County than the largest Los Angeles newspaper.
(ABC Publisher's Statements)

THE ORANGE COUNTY
Register
METROGROUP
The leading medium in Southern California's richest market
Represented by CWO&O

cookie varieties of Lu are stronger in major metropolitan areas in the East and West Coasts and Midwest. Their upscale appeal is reflected in Lu's three-year-old tagline, "Please don't call them cookies."

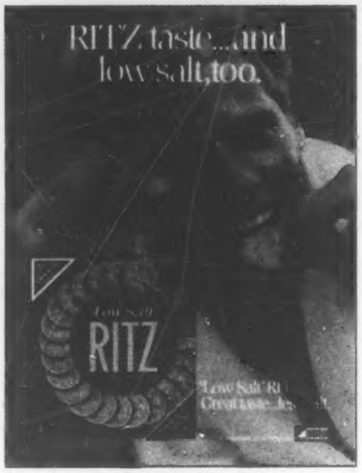
Consumers of Lu are frequently in the 25-to-45 age range and have incomes of more than $30,000. Lu cookies zero in on the target audience through FSIs in newspapers and billboards on the West Coast. Ketchum/Hicks & Greist is the agency.

General Biscuits also markets Salerno cookies and crackers in the Midwest and Mother's and Bakery Wagon cookies on the West Coast. LNA reports that about $1.7 million was spent on General Biscuit cookies brands in 1987.

CRACKERS

Nabisco

With over half of the category's market share in its grasp, Nabisco could easily be called the crackerjack of the cracker industry, especially with the likes of top-selling Ritz and Premium Saltines in its clutches.



Nabisco is the crackerjack of the cracker industry.

And grocery buyers say hands down that Ritz Bits, the mini-Ritz crackers meant to be eaten by the handful, are scarfing up sales. The crackers were introduced last year with 17 other new products or line extensions from Nabisco. Two other brands from that group, American Classics and Quackers (Nabisco's answer to Pepperidge Farm's Goldfish), are getting mixed reviews from supermarket buyers. American Classics, with flavors such as golden sesame and toasted poppy, are Nabisco's entry into the upscale entertainment section of the cracker business. Nabisco has more than 50 varieties of crackers that include Triscuits, Wheat Thins and Zwieback.

Like its cookies, only certain cracker brands are advertised, and those that are have been pitched to adults. Ritz Bits commercials are a little different because they show different people grabbing handfuls of the crackers, and a child is included in the lineup. Honey Maid graham crackers are another exception, and they appear in combination ads with Oreos. Other crackers are depicted with different kinds of food, such as Wheatsworth with soup and American Classics with canapés for entertaining.

Caroline Fee, Nabisco spokeswoman, says that crackers are marketed to the health conscious. While

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Consumer Information Center
Department DF
Pueblo, Colorado 81009

A public service of this publication and the Consumer Information Center of the U.S. General Services Administration.

Nabisco doesn't make health claims, its low-salt crackers appeared in a health-club poster about exercising.

The crackers get coupon activity in free-standing inserts in newspapers and through on-pack couponing. Ritz Bits are advertised on tv. Four of Nabisco's low-salt varieties recently appeared together in *Better Homes and Gardens*. McCann-Erickson is the agency.

LNA puts Nabisco's cracker advertising at $47.8 million last year, up from 1986's $31.8 million.

Keebler

Even though crackers have less of a "kid appeal with more of a family orientation," says Keebler spokesman Stuart Greenblatt, most of the tv commercials are animated. "It's always the same elf," says a deadpan Greenblatt. "We have used some live people in snack advertising."

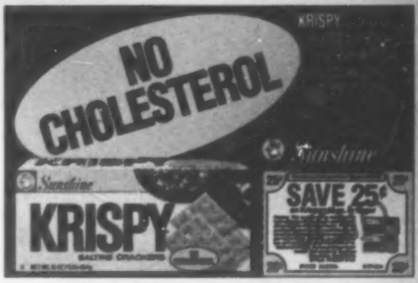
There are more than 30 varieties of Keebler crackers, such as Zesta Saltines, Townhouse, Club and Stone Creek. Keebler also takes two of the most popular brand names, Townhouse and Club, and pairs them with cheddar cheese to make sandwich snacks. There is also a Townhouse Cheddar Junior, which is a downsized snack version of the Townhouse cracker, introduced late last year. Even the cheddar juniors' box is smaller at seven ounces.

Crackers also aren't plugged for their healthy qualities but for taste and variety. However, Keebler does have a line of low-salt crackers.

Tv advertising with Ernie is a favored medium as are FSIs in newspapers. Because cracker consumption is high at holiday time, says Greenblatt, there are two-for-one deals or high-value coupons. Advertising in magazines hasn't been done recently, he adds.

LNA reports that $8.1 million was spent on Keebler cracker advertising last year.

Sunshine



Sunshine has been changing its packaging.

Cheez-Its, the venerable 67-year-old snack cracker, was the only Sunshine cracker to get advertising on spot tv earlier this year. Sunshine has about 20 cracker varieties, including its own brand of saltines, the Krispy crackers, and also HiHo Deluxe crackers, which are similar to Nabisco's Ritz and Keebler's Townhouse.

There are also the flavored-topping American Heritage crackers, with sesame, wheat, cheddar and parmesan. Alexander Nichols, director of advertising and marketing sales, says that the crackers are more adult-oriented, with the exception of Cheez-Its.

Packaging has been changing over the past five years, says Nichols. Cheez-Its has its hunk of cheddar cheese pictured on the front, while Sunshine "tried to make [Krispy crackers'] package a little more appetizing by inserting a bowl of stew or salad on the box to show how you could use the crackers," explains Nichols. Sunshine also threw its hat into the low-salt ring by introducing low-salt Cheez-Its last year.

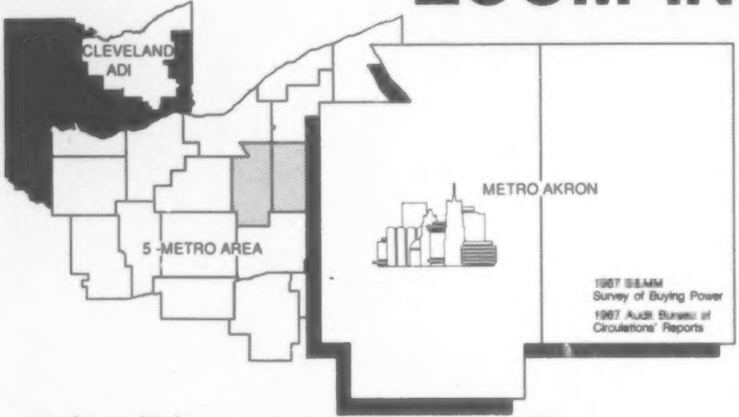
Like the cookies, Sunshine uses FSIs and ROP ads in newspapers and direct-mail couponing. Della Femina, Travisano & Partners is working up creative for Sunshine's cracker category.

Pepperidge Farm

Pepperidge Farm is in the enviable position of not "being able to provide enough product to keep up with demand," says Beth Mitenbuler, marketing manager of biscuits.

In fact, the company's Goldfish and Distinctive Crackers, which include English Water Biscuits and Cracked Wheat flavors, haven't been advertised extensively. "Our biggest constraint has been internal constaint based on our manufacturing capacity," Mitenbuler explains. "When we advertise the brands, the volume goes through the ceiling. Then we have an out-of-

ZOOM IN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1987 SS&MM Survey of Buying Power
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...and you'll focus your media plan on Akron.

If you take a closer look at the Cleveland ADI, you'll discover 66% of the region's population exists in only **two** of the ADI's five metropolitan areas...Cleveland and Akron.

Although Cleveland-based stations account for most of broadcasts' share in Akron, print advertising in the Plain Dealer misses nine in 10 adults in the Akron metro.

Adding the Akron Beacon Journal to your Cleveland advertising plan will help your message reach nearly half a million more adult consumers!

If you have existing or potential customers in the greater Cleveland area, the Akron Beacon Journal will put *zoom* in your media plan.

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Akron Beacon Journal
1987 Pulitzer Prize-winner for General Reporting
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stock situation, which is not what you want to have." She says that with a new plant going up in Florida, that problem should be solved soon.

Pepperidge Farm's Goldfish have been around more than 15 years, while the crackers have been on the shelves about 10 years. The marketing message is "quality," and the target audience is upscale women 25 to 54, who have higher income and education levels for Pepperidge Farm's "premium quality" crackers. The company tries to tie in advertising with other products that are "premium" in nature, says Mitenbuler.

Of the seven Distinctive Crackers flavor varieties, five "totally coincidentally fall within FDA regulation for low-sodium foods," she says. A "Symphony" assortment of three of those flavors will be available in an assortment pack. Oddly enough, there already is a "Three Cracker Assortment" variety pack, with three totally different flavors than the Symphony grouping.

The media plan includes 30-second tv spots on prime time and daytime for Goldfish. Magazine advertising isn't used, nor is outdoor. Carol Wright direct-mail couponing is used. Ogilvy & Mather is the agency.

Pepperidge Farm
Presenting the secret to a successful party...
Mingle. Mingle. Mingle.
25¢
20¢
VOID
VOID

Pepperidge Farm says it can't keep up with demand.

One thing that Pepperidge Farm crackers hasn't done is sweepstakes. The corporate view, says Mitenbuler, is that "sweepstakes tend to be cheesy. There are some upscale versions, but giveaways or mail-aways are what we want to stay away from." But Mitenbuler admits, "Coming up with a high-quality promotion would potentially drive the business, but our sales are so good as it is, we're really not dependent on that to help sell the product."

LNA reports that about $621,900 was spent on Pepperidge Farm's cracker advertising last year.

Stella D'oro

Stella D'oro Breadsticks, which were originally broken out as a mealtime accompaniment some 35 years ago, have become "fun" in the last nine years.

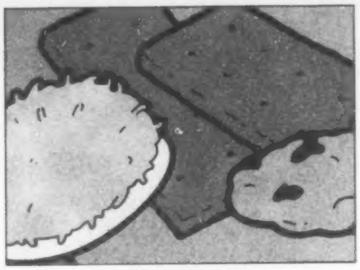
The breadsticks come in flavors such as regular, sesame, onion, whole wheat and also dietetic regular and sesame, which simply mean lower in sodium. But you won't see the low-salt advertised specifically for any kind of health benefits. "Breadsticks are fun items," explains Murray Firestone, president and creative director of Firestone & Associates, which has been handling Stella D'oro for some 25 years. "We don't want to lose that element."

Firestone says that about 98% of the breadstick advertising is in 30-second tv spots. Stella D'oro is contemplating using radio and print advertising, though. The company doesn't use couponing very often "because it's such a popular category we don't need to offer incentives," reasons Firestone, who says Stella D'oro's total ad budget is in excess of $5 million, of which breadsticks get a "heavy share." ■

Stella D'oro
Stella D'oro
Stella D'oro
dietetic
dietetic
BREADSTICKS

Stella D'oro breadsticks recently have become "fun."

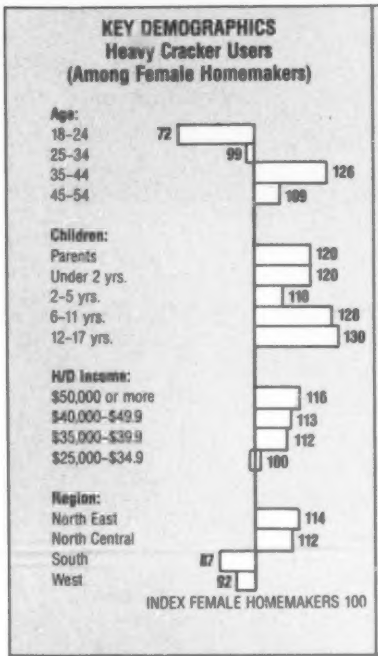
"I HATE THE WAY THEY WRINKLE MY CLOTHES."
YOU COULD LEARN A LOT FROM A DUMMY.
BUCKLE YOUR SAFETY BELT.
A Public Service Message
Ad Council
U.S. Department of Transportation



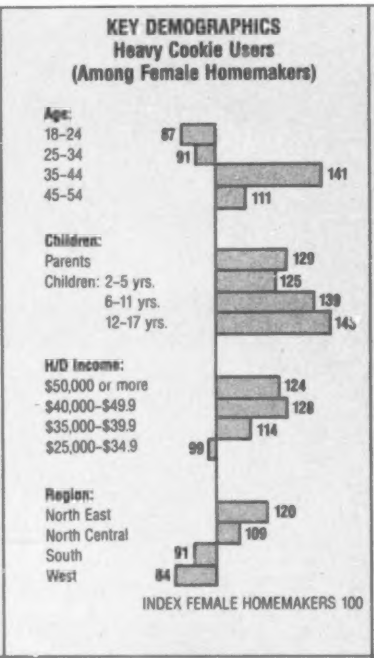
BRAND REPORT INDEX

COOKIES & CRACKERS

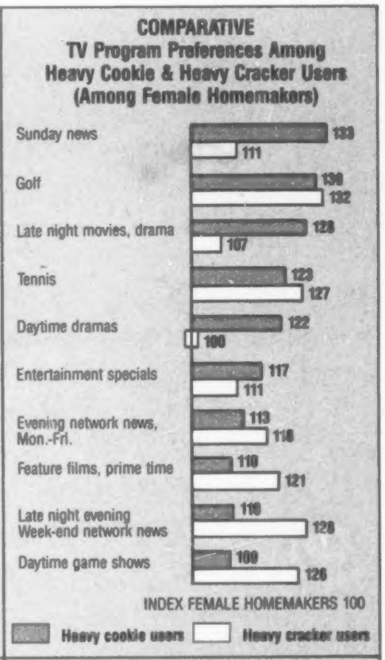
How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.



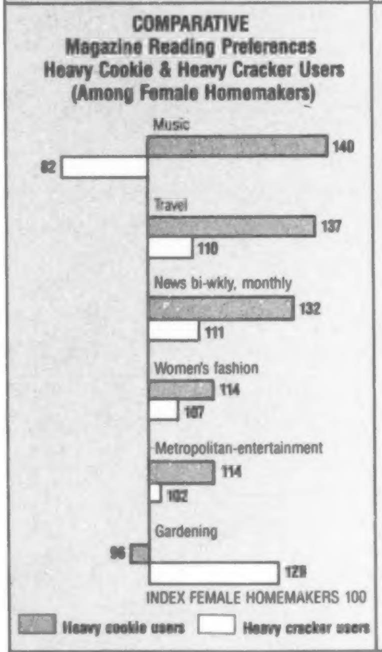
KEY DEMOGRAPHICS
Heavy Cracker Users
(Among Female Homemakers)



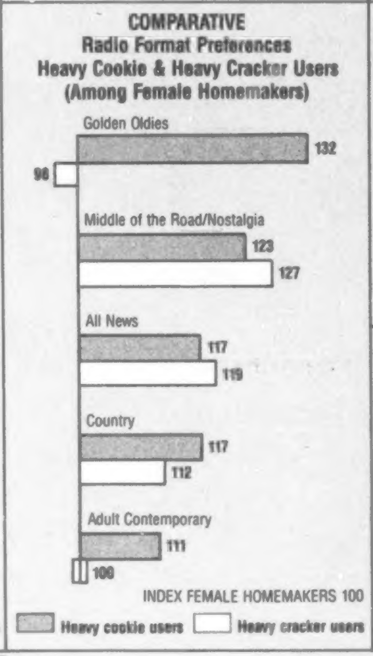
KEY DEMOGRAPHICS
Heavy Cookie Users
(Among Female Homemakers)



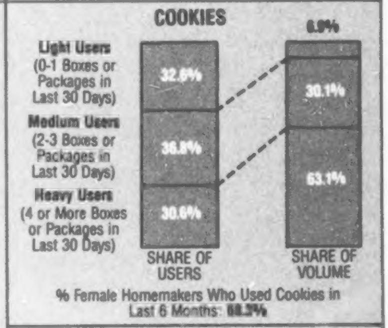
COMPARATIVE
TV Program Preferences Among
Heavy Cookie & Heavy Cracker Users
(Among Female Homemakers)



COMPARATIVE
Magazine Reading Preferences
Heavy Cookie & Heavy Cracker Users
(Among Female Homemakers)

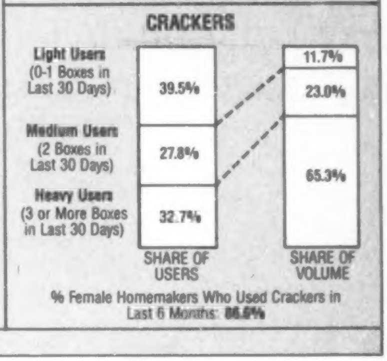


COMPARATIVE
Radio Format Preferences
Heavy Cookie & Heavy Cracker Users
(Among Female Homemakers)



COOKIES

% Female Homemakers Who Used Cookies in Last 6 Months: **88.2%**



CRACKERS

% Female Homemakers Who Used Crackers in Last 6 Months: **86.5%**

Source: Mediamark Research Spring 1987

SALES PROMOTION

by Russ Bowman

MAKING THE MOST OF THE MAIL

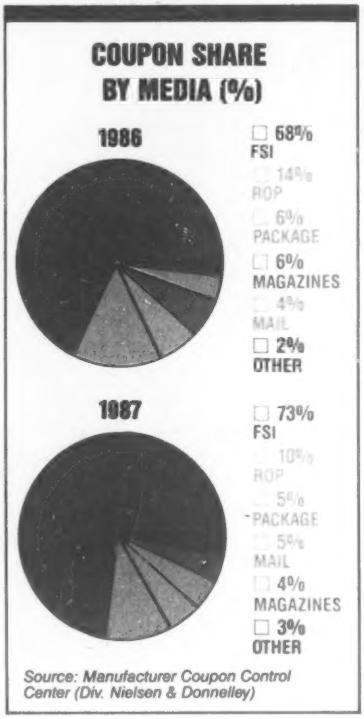
Way back in 1969 and the early '70s, for those who don't remember, free-standing inserts (FSIs) in Sunday newspapers were an exciting new development. Because they ran much less frequently and because there were, in the beginning, only two companies in the business, they were generally perceived as both exclusive and distinctive. Even as recently as the beginning of this decade, FSIs represented less than 20% of all U.S. coupon distribution.

Then, boom! By 1987, they accounted for over 72% of coupon distribution. Such growth carries a price: The industry has created what many marketers consider "clutter," and although each individual FSI publisher offers product exclusivity in *his* insert, the net advantages disappear when there are three inserts on many Sundays.

In the initial years, redemption rates for FSI coupons were often in the 6%-7% range. Today they are closer to 4% and for many products, such as health and beauty aids, even less. And although the average CPM for space in FSIs has been decreasing over the years, many marketers are now searching for more effective alternatives.

Though it may not be obvious in view of FSIs dominating position in the couponing industry, direct-mail couponing is slowly but surely making significant in-roads. In fact, as seen in the pie charts above, its share of couponing increased from 4.0% in 1986 to 5.3% in 1987.

One of the major factors that has and will contribute to the growth of direct-mail couponing is computerized technology — more specifically, direct mail's ability to target and the growing interest of consumer product marketers in data-base marketing. Mike Cox, senior vice president of marketing and planning at Donnelley Marketing, comments, "The interest and the glamour of data-base marketing will favor the direct-mail business at the expense of FSIs."



COUPON SHARE BY MEDIA (%)

Source: Manufacturer Coupon Control Center (Div. Nielsen & Donnelley)

Targeting and selectivity are indeed the antithesis of mass delivery, and most of the coupon mail-distribution companies are emphasizing this advantage in order to attract more and more coupons from FSIs.

Direct-mail couponing is offering better targeting options than are found in FSIs.

When all is said and done, the combined efforts of several new salesforces promoting and selling one segment of the sales-promotion business over another historically results in a shifting of funds, which, depending on the success of some testing, could be "the start of something big," as they say in the song.

Positioning the Direct-mail Co-ops

The differences between one direct-mail program and another are becoming more apparent, and generally they are leading in the direction of greater selectivity/targeting.

The dominant force in mailed couponing programs, Donnelley's Carol Wright, remains the leader with the greatest number of participants to the largest circulation. It offers both geographic flexibility, demographic options and several special-market programs to Hispanics, senior citizens, teenagers, etc. Carol Wright mails 35 million pieces seven times each year and expands its distribution to 45 million three times a year.

Metromail Corporation's Red Letter Day coupon co-op has expanded to 31.2 million twice a year. Bill Young, vice president/national sales manager at Metromail, explains his business's place in the promotional mix: "FSIs are going to be around for a long time. They have their place as a vehicle for saturation distribution. Direct mail has its place too. With target marketing, a company can reach households with specific demographics as they relate to specific products. FSIs cannot."

Larry Tucker Inc. has moved its schedule up to four times a year and introduced a new way of positioning its expanded selection of demographic editions called "The Spectrum of American Life." It offers segments of 3.5 million new parents, 7 million households with pre-school children, 9.5 million homes with school age children, 5 million households with adults age 35-49 and two segments called

Introducing Liquid Dial
FREE COUPONS!
SAVE 30¢
dial

“Leisure Years” aimed at mature households with members over 50. President Larry Tucker is sure that “within the next few years, targeted mail distribution of coupons will definitely draw business from the shotgun approach of FSIs. Savvy manufacturers want more than relatively low redemption by millions of ‘suspects.’ They want to concentrate on heavy-user families who buy more product more often. Today's list technology,” Tucker continues, “allows us to identify and reach the best prospects — known mail-responsive households — by current name and address.”

Advo's Mailbox Values®, the nested, insert-type format, continues its delivery to over 40 million households and recently announced a “special event” mailing supporting the Child Welfare League of America.

This program, entitled “Support the KIDS” (Kindness is Doing Something Special), is a combined effort between ADVO and 75 notable cartoonists to raise $1.5 million for the CWLA. The promotion will run in Mailbox Values® in August 1988 during the back-to-school season to 47 million households.

Three other direct-mail programs are built around each company's ability to individually code coupons so that they can be tracked after they are redeemed, thereby building an information/purchase history data base to specifically target customized incentives. In this specialized category of direct mail, two relatively small-sized companies will eventually be taking on the American Express Company. Computerized Marketing Technologies' plan, Select & Save Plus, is built on Select & Save's master data-base file of 25 million households, with demographics, response data and product usage. Starting with a winter 1989 mailing, Select & Save Plus will go to 10 million homes, allowing marketers to send high-value coupons to non-users and lower-value coupons, or continuity, refund-type incentives, to users.

American Express's plan, set for a test in August of 1988, involves individually coded “Express Certificates.” The certificates can be deposited by a retailer because they clear through the Federal Reserve System. Redemption and purchase data will be compiled and analyzed. “We have been concentrating on consumer targeting and individual redemption analysis, and we feel certain we can produce optimized response rates for packaged goods,” says William Eslinger, vice president market development of the Travel Related Services division of American Express Co.

Act Media, the Darien, Conn.-based company that made advertising signs on shopping carts famous, will test their Act Direct program in June with 20 brands, utililizing the list expertise of National Demographics & Lifestyles. Once again their unique offering will be individually coded coupons that will be analyzed by a redemption clearing house set up for their program. The first test in 1988 will go to 2 million homes, followed by 10 million in 1989 and 35 million in 1990. Bill Cargill, vice president of sales, who will manage the new property for Act Media, calls his plan “direct mail with a technology edge.” Act Direct will also launch a new retail tie-in direct-mail co-op with the Eckerd Drug Chain in January 1989.

WHO'S MAILING WHAT

Company	Program	Maximum circulation (millions)	Annual frequency
Donnelley	Carol Wright	45	10
Metromail	Red Letter Day	31	2
Larry Tucker Inc.	Supermarket of Savings	37.5	4
Advo System	Mailbox Values	47	18
CMT*	Select & Save	10	2
Act Media	Act Direct	(Test in 1988)	
American Express	Express Certificates	(Test in 1988)	

*Computerized Marketing Technologies

Source: Promotion Databank, Riverside, Ct.

ECONOMIC EYE

AN OLYMPIC JUMP

Broadcast Advertisers Reports revised their January 1988 figures to bring the cost of a spot in prime-time tv back to reality. As shown on the chart below, there was a significant increase in the cost of a 30-second spot in February, a jump that is most likely due to the Olympics.

MAGAZINE AD SCORECARD	Ad Pages April 1988	% change from April 1987	Dollars spent (000)	% change from April 1987
1. Skin Care, Creams, Lotions and Oils	192.01	−0.7%	$ 7,072.1	+21.4%
2. Lip and Eye Beauty Products	110.50	+3.0	4,475.0	+21.4
3. Scents and Fragrances	237.59	+5.7	6,836.8	+12.3
4. Facial Makeup Products	116.97	+12.2	4,884.1	+65.4
5. Prepared Dinners and Entrees (including Pizza)	29.26	−29.8	1,816.9	−13.3
6. Liquor	268.95	+10.9	11,472.5	+8.5
7. Cigarettes	602.70	−9.9	33,617.7	+2.4
8. Soaps and Detergents	53.6	+34.0	3,544.1	+56.6
9. Passenger Cars, Domestic	483.45	+4.2	22,818.4	−5.4
10. Passenger Cars, Imported	560.99	+11.0	26,545.0	+15.9

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100	1987												1988			
	July	% change	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change
Network TV																
Daytime	98	−5	85	−11	83	−11	97	−6	91	−8	82	−4	92*	0*	80	−
Nighttime	109	+2	113	+5	106	−0	110	+6	115	+8	111	+2	112*	+5*	148	+4
Spot TV																
Prime time	138	+10	126	+4	124	+18	123	+3	123	+6	123	+6	–			
Daytime	108	−4	117	+7	102	+3	112	+2	113	+2	105	±0	–			
Network radio	102	−0	104	−1	106	+2	122	+6	112	+6	106	+6	147*	+6*	129	−
Spot radio			103	+5					112	+9					106	+
Consumer magazines	109	+3	109	+3	109	+3	109	+3	111	+4	113	+5	114	+5	115	+
Natl. Sunday mags	103	+7	113	+7	118	+14	106	+12	106	+12	106	+12	117	+13	116	+1
Business publications	111	+5	111	+5	111	+4	112	+5	113	+5	113	+5	117	+5	117	+
Newspapers	115	+7	115	+7	115	+7	115	+6	115	+6	116	+7	124	+7	124	+
Outdoor	114	+6	114	+6	114	+6	118	+12	118	+12	118	+12	123	+11	123	+11

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised by BAR

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

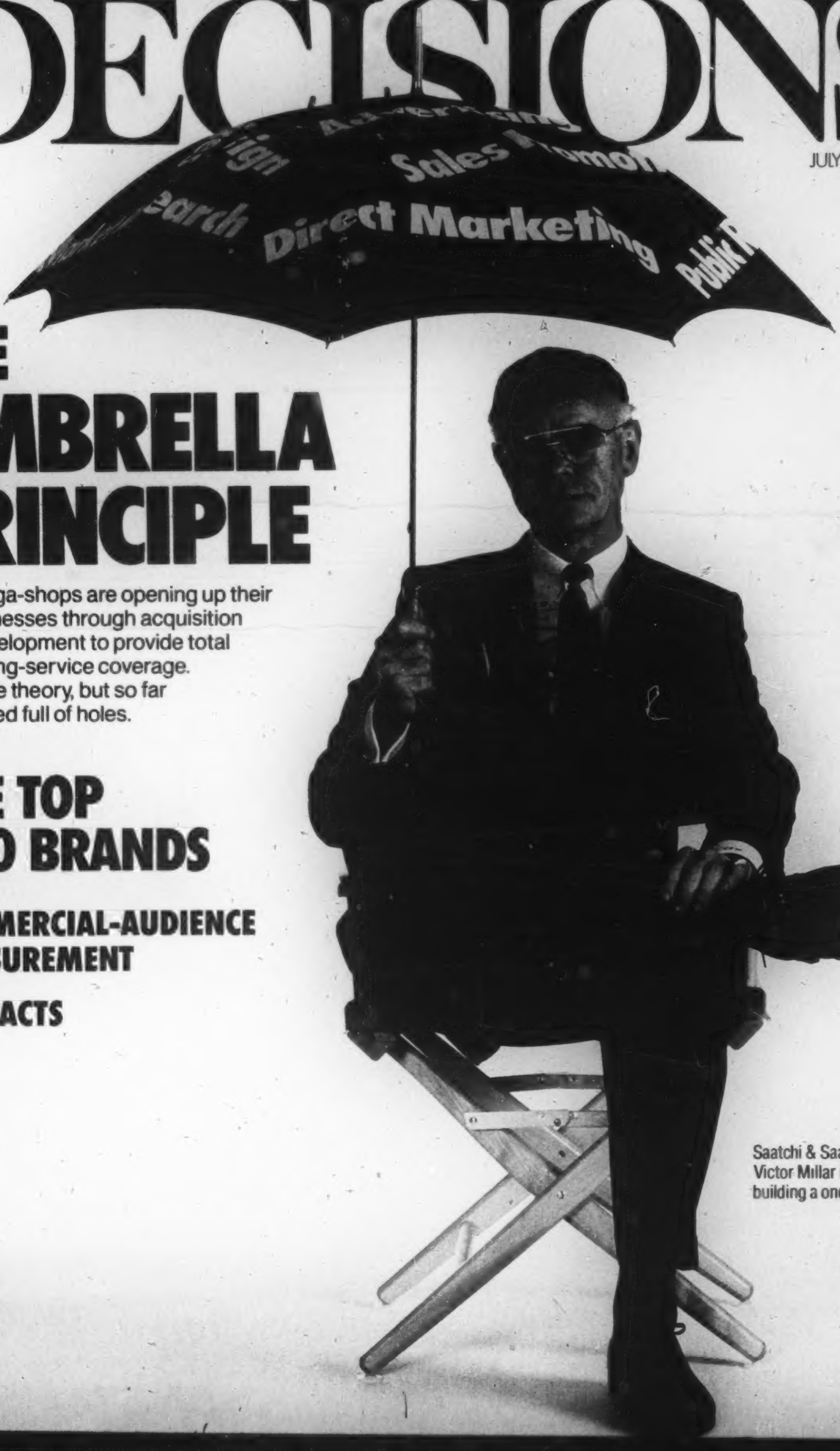
Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3
8/30/88

MARKETING & MEDIA
DECISIONS

JULY 1988 • $4.00


Advertising
Design
Sales Promotion
Research
Direct Marketing
Public R

THE UMBRELLA PRINCIPLE

The mega-shops are opening up their ad businesses through acquisition and development to provide total marketing-service coverage. It's a nice theory, but so far it's proved full of holes.

THE TOP 200 BRANDS

- COMMERCIAL-AUDIENCE MEASUREMENT
- FAX FACTS

Saatchi & Saatchi's Victor Millar is building a one-stop shop.

MARKETING & MEDIA DECISIONS

COVER STORY

THE UMBRELLA PRINCIPLE 118

The reasons behind the many specialized additions to agencies' corporate families range from clients' needs to the shops' own bottom lines. A look at the promise and the problems of the cover-all agency.

FEATURES

SPOTTING THE SPOT-WATCHERS 30

Technology and hot competition among research firms are helping speed the arrival of commercial-audience ratings systems. While they may put a new spin on the tv-buying business, the numbers they produce could cause your computer to flip its disks.

MEDIA AND THE VIDEO ADS 39

The development of video cassettes as an ad medium is happening with little media-department involvement — at least so far. The departments are still trying to figure where they fit in the picture.

JUST THE FAX, PLEASE 127

The boom is on for facsimile machines, those handy devices that send copies of just about anything via the telephone lines. What's going to happen when they start *promoting* these things?

THE TOP 200

THE TOP BRANDS OF 1987 45

For the seventeenth year, *Decisions* presents the top-spending products and services, as determined from a deluge of data from a variety of sources. This year, each brand is broken down by investments in ten major media, including, for the first time, national syndication. Accompanying the numbers for each entry is a who's who of those with buying authority at both the brand parent and the principal agency or agencies.

The top ten advertising categories, along with the top five parent companies in each, begins on page 47. Following this, on page 50, is an alphabetical index to this year's entries by rank, and on page 57, the individual listings begin. Over one quarter of 1987's Top 200 are new to the ranking. Together, the Top 200 spent some $7.2 billion in media in 1987. Here's your key to this exclusive club.

DEPARTMENTS

PRO FILES 4

Wager will be driving Toyota's new upscale effort, the Lexus; Volpe dives into a smaller pond; and Dan Zucchi's 18 years with Time lead him to a new publisher's desk — at Hearst's *Redbook*.

LETTERS 14

Business-to-business backtalk from an "As They See It," two cable buyers bring us up to date, credit where due, a planogram system for all users and from *Zero* to *Zelo*.

PRINT BEAT 17

Hearst's *Victoria* . . . Newspaper's marketing map . . . *McCall's* gets a "Silver" lining . . . Fluke's planning machine . . . Saving postage.

DEBUT 22

Samir Husni of the University of Mississippi has spent another year stalking the stands and has once again compiled a list of magazine start-ups. The 1987 edition is the most detailed to date.

DIRECT MARKETING 24

One direct marketer took home $1 million last year — and she's a woman. Also, telemarketers look to get left off the hook as they're barraged with efforts to curtail their activities.

CREATIVE CONCEPTS 26

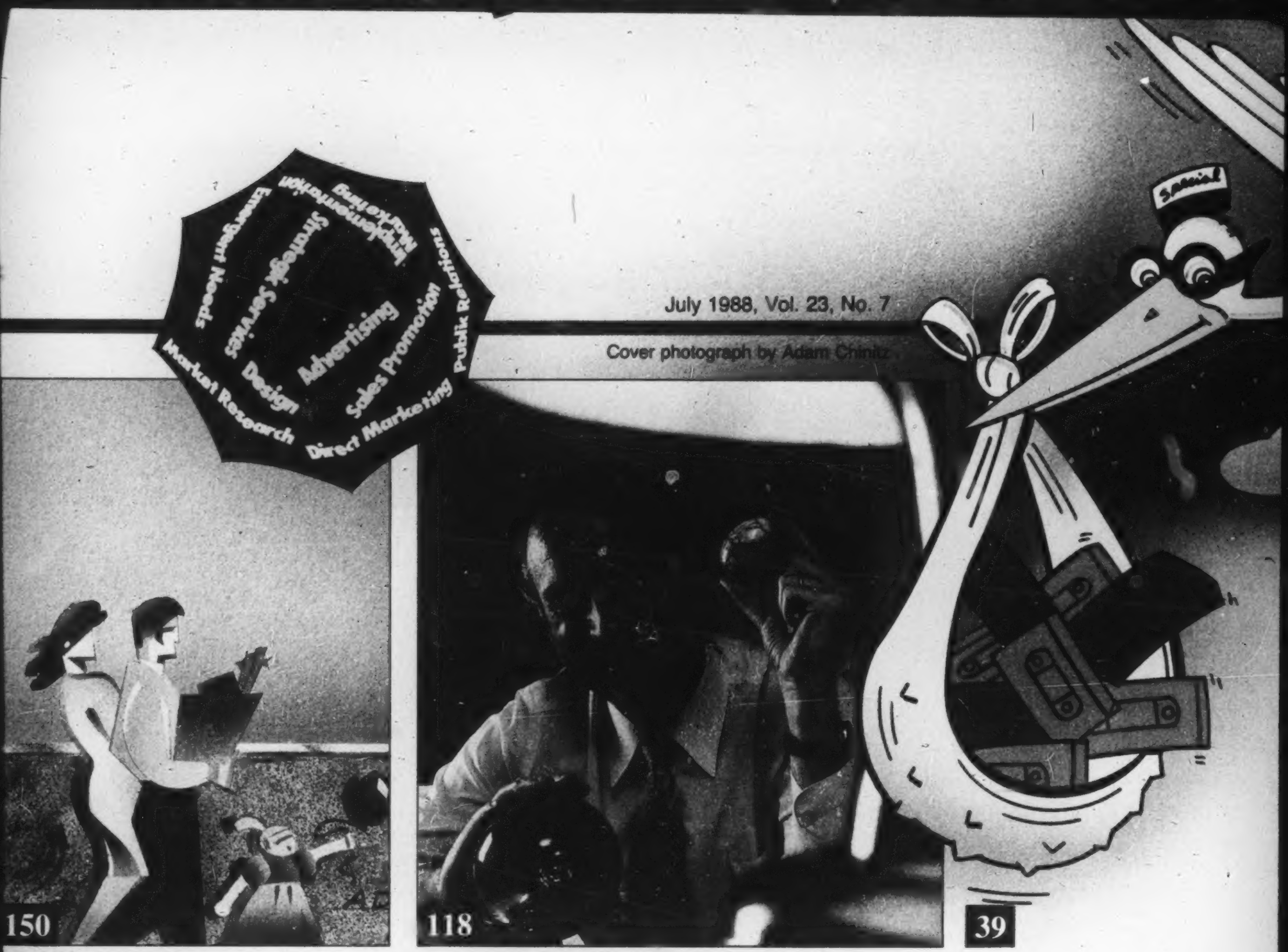
Fear as a selling tool is examined via several current ads that prey on business-people's insecurities.

BROADCAST BEAT 143

The advertising economy "turns the corner" . . . Arbitron's single sources . . . Syndex produces some unexpected effects . . . Radio takes a walk.

POINT/COUNTERPOINT/POLL 146

One-stop shopping offers one ad client a unified strategy, but a marketing-communications specialist finds strength in shopping the options. Also, client-side readers speak up.



July 1988, Vol. 23, No. 7

Cover photograph by Adam Chinitz

TOOLS OF THE TRADE 148

Ketchum Yellow Pages may have lost Herb Gordon to its corporate parent, but he left something to be remembered by: one of the most sophisticated yellow-page planning tools in the business.

SALES PROMOTION 150

In this special report, the performance of the sales-promotion industry in 1987 is analyzed and compared to media advertising. While sales promotion still outpaced media last year, it did so at a slower rate than in years past.

BOOKS, ETC. 154

Hold it right there! If you're scheduled to give a presentation soon, you may want to read *What's Your Point?* first.

ECONOMIC EYE 156

The latest Media Cost Index, category ad investments in magazines and VCRS and prime time.

LAST WORD 160

Allan Palmer of the University of North Carolina lays out the pragmatic view of marketing ethics.

AS THEY SEE IT

MEDIOLOGY *Debbie Solomon* 135

Commercial audience ratings are considered from the practitioners' point of view.

TELEVISION *David Lerner* 136

Part II of Lerner's "As They See It" provides tips for dealing with the eroding network tv audience.

PLANNING *Steven Sandborg* 137

Playing mean and lean is one thing; making sure your advertising gets seen is another. Beware of invisible ad plans.

NEWSPAPERS *Ken Bielicki* 138

The usual reasons cited for not putting national dollars into newspapers miss the point. It's simply a matter of perception.

RESEARCH *Meryl Freeman* 140

The recent flurry of activity has accelerated the research function's move into the mainstream at agencies. It's about time.

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DIRECT MARKETING

by Rebecca Fannin

ANSWERING THE CALL FOR REFORM

It should surprise no one that the threat of increased regulation looms over telemarketers, but the rate of further activity could be called shocking. A record-breaking number of bills restricting telemarketers are being considered by state legislatures, says Julie Crocker, director of state legislative affairs at the Direct Marketing Association. She notes the number of bills has doubled since the 100 under review last year.

Crocker figures that telemarketing fraud as well as automatic dial recorders are to blame for this increased scrutiny. The large percentage (52%) who object to being solicited by phone either at bedtime or at the dinner table also has contributed to this surge.

But Crocker explains that because this summer marks the end of a two-year legislative cycle in many states, many of the bills proposed are likely to die. They then won't be carried over to the next legislative period.

One of the more comprehensive bills is pending in Oklahoma. Crocker recently told a forum of the Telephone Marketing Council in New York that the bill would:

- Require telemarketers to register.
- Prohibit calls to people who have notified a special commission that they do not wish unsolicited calls.
- Limit calling hours from 9:00 a.m. to 4:00 p.m., weekdays.
- Require solicitors to inform subscribers of their right to cancel a sale.

Bills preventing calls to consumers with an asterisk next to their listing are another popular front. They have passed in Florida and Washington. Others with such bills on their agenda are Illinois, New York, Oklahoma and South Carolina.

A third area of proposed reform is with automatic dial recording machines, which continue to randomly ring a sequence of phones until there is an answer. Eighteen states have bills to restrict these machines.

Other bills before three state legislatures would require registration before conducting business. In addition, four states have bills that would restrict calling times and a new type of bill would block access to certain telephone prefixes in Georgia, Maryland and New York.

To help telemarketers keep all of this straight, the DMA has compiled a "Telemarketer's Guide to State Laws." Contact the DMA publications department in New York for copies. One caveat: the DMA warns that the guide is not a substitute for the advice of a legal counsel, but that it will help give a better understanding of the law.

THE INDUSTRY'S TOP MONEY-MAKERS

	SALARY
Lillian Katz, *president and CEO, Lillian Vernon, Co.*	$1,051,053
Leslie Wexner, *president and chairman, The Limited*	$930,632
Barry Florescue, *president, CEO and chairman, Horn & Hardart*	$850,000
John J. Shea, *president and CEO, Spiegel*	$652,786
D.F. Miller, *president, J.C. Penney Stores and Catalog*	$644,672
Robert Clarke, *president, CEO and chairman, Grolier*	$608,044
Roy M. Speer, *chairman and CEO, Home Shopping Network*	$382,214
Richard Merrill, *president and director, Commerce Clearing House*	$364,078
Richard Thalheimer, *president, CEO and chairman, The Sharper Image*	$304,186
Kenneth Eldred, *president and CEO, Inmac*	$284,210
Theodore Deikel, *chairman and CEO, CVN Company Inc.*	$275,488
Charles Morgan, *CEO, CCX Network*	$170,454
Howard Lester, *CEO, chairman and director, Williams-Sonoma*	$148,000
Ralph Freitag, *president and director, Gander Mountain*	$133,500
Lester Einbender, *president and executive vice president, Honeybee Inc.*	$113,189

Source: Target Marketing

The direct-marketing industry has at least one millionaire — and it's a woman. Lillian Katz, president and CEO of Lillian Vernon Co., who earns a salary of $1.1 million, is the highest paid direct-marketing executive in the nation, according to *Target Marketing* magazine.

The above chart provides a list of the top 15 best-paid executives in direct marketing in 1987.

MARKETING & MEDIA

DECISIONS

TOP 200

BRANDS

PRODUCTS & SERVICES

44 A

THE $7.2 BILLION CLUB

Welcome to The Club. The 1987 Top 200 Brands Directory is the seventeenth annual report from *Marketing & Media Decisions* magazine. In these pages, we provide the most exact ad-spending estimates in the business for individual products and services. Then we go a step further: The data is matched to the people on both the agency and client sides who control those high-priced buying decisions.

The report begins with a comparison of Leading National Advertisers' top ten ad-spending categories, 1987 versus 1986, rounded out by data from Media Records for newspapers and from Radio Exdenditure Reports for spot radio. Each category then begins zeroing in on our Top 200 by listing the top five parent companies for each.

The Top 200, which together accounted for $7.2 billion in national and regional ad expenditures last year, are individual products and services ranked by 1987 ad dollars. Comparisons to 1986 are offered as well, and all totals are broken down into spending in each of the ten major media: network tv, spot tv, national cable, newspapers, consumer magazines, national Sunday magazines, network radio, spot radio, outdoor and, for the first time, national syndication as reported by Broadcast Advertisers Reports. The names of those in media-buying authority complete each of the listings.

Each entry refers to a specific ad effort based on total advertising outlay. Thus Coca-Cola's generic campaign has it ranked 105 this year, but individual spending by Coke Classic, Diet Coke and Sprite earned them their own places on the list (#60, 53 and 134, respectively). Joint campaigns also stand alone, so there are separate entries for Marlboro filters and Marlboro filters and 100s.

New products in 1987, such as the Mercury Tracer, obviously have no comparable spending data for 1986, but new additions to our Top 200 — there are 60 new names on this year's list — have been brought up to date with the previous year's data.

In the majority of cases, we were able to match the data from the contributing measurement services: Broadcast Advertisers Reports (BAR), Leading National Advertisers (LNA), Publishers Information Bureau (PIB), Media Records, Inc., the Institute of Outdoor Advertising and Radio Expenditures Reports (RER). In a few cases, however, determining spending for our very specific entries required adjusting data to assure apples-to-apples comparisons. Therefore, when Media Records and RER reported overall spending for foreign cars, a ratio of model to overall spending was established based on LNA data and then applied to the newspaper and spot radio reports. When no directly comparable data could be determined year to year, we excluded the data and marked the listings accordingly. Be aware that Media Records does not report retail, restaurants and financial services.

The result of these efforts is the most comprehensive report of its kind, detailing the members of that most exclusive advertising club of all: The Top 200. The alphabetical listing of this year's entries on page 50 is the key to the top spending products and services.

Our sincere thanks to all those who took the time and care to contribute the information that makes this valuable tool possible. You've paid your dues. ■

200

1987 TOP TEN ADVERTISING CATEGORIES AND THEIR TOP FIVE CORPORATE SPENDERS

	Ten-media total (000)	BAR Network television (000)	BAR Spot television (000)	BAR Syndicated television (000)	BAR Cable-tv networks (000)	BAR Network radio (000)	RER Spot radio (000)	MEDIA RECORDS Newspapers (000)	PIB Magazines (000)	PIB Sunday Magazines (000)	LNA Outdoor (000)
1. Car dealers & services (including used cars)											
1987	$1,560,324	$ 38	$908,479	$ 46	$ 9	$ 87	$ 57,164*	$543,633	$ 2,272	$ 206	$ 48,390
1986	1,309,985	—	751,846	—	74	75	31,350*	487,081	387	167	39,005
1. General Motors Corp. Dealers Association											
1987	248,533	—	156,636	—	—	7	5,788	85,976	70	—	56
1986	264,489	—	147,721	—	—	75	6,245	110,354	—	—	94
2. Ford Auto Dealers Association											
1987	173,937	38	90,971	—	—	—	11,350	69,889	—	—	1,689
1986	123,737	—	61,233	—	—	—	9,765	50,503	27	—	2,209
3. Chrysler Corp.											
1987	82,020	—	37,536	—	—	—	10,690	32,773	13	—	1,008
1986	72,491	—	35,544	—	—	—	5,586	30,242	—	—	1,119
4. Toyota Auto Dealers Association											
1987	72,957	—	47,452	—	—	—	2,440	23,054	—	—	11
1986	55,810	—	36,587	—	—	—	3,166	16,051	—	—	6
5. Nissan Auto Dealers Association											
1987	72,503	—	51,290	—	—	—	4,369	16,840	—	—	4
1986	59,724	—	48,141	—	—	—	281	11,288	—	—	14
2. Restaurants, hotel dining & night clubs											
1987	$1,435,788	$497,997	$789,996	$13,450	$ 4,919	$ 147	$ 77,222	—	$ 16,206	$ 1,779	$ 34,072
1986	1,302,253	441,613	732,433	7,038	5,557	357	75,620	—	8,409	746	30,480
1. McDonald's Corp.											
1987	374,067	216,067	129,010	7,603	1,820	—	4,543	—	7,192	1,236	6,596
1986	338,113	193,002	128,180	4,324	1,820	—	4,645	—	597	—	5,544
2. PepsiCo Inc.											
1987	258,897	98,486	148,714	3,186	898	147	5,181	—	295	—	1,990
1986	213,041	71,157	133,017	99	1,558	—	5,292	—	269	—	1,649
3. Pillsbury Co.											
1987	191,891	66,702	106,334	730	493	—	15,762	—	257	—	1,613
1986	197,272	70,415	105,373	1,258	905	—	17,881	—	132	—	1,308
4. Wendy's International Inc.											
1987	82,349	46,772	31,706	750	143	—	469	—	483	—	2,026
1986	83,423	41,668	37,913	1,018	587	—	383	—	560	—	1,294
5. General Mills Inc.											
1987	48,736	36,936	10,316	631	94	—	430	—	—	—	329
1986	39,432	27,096	9,889	338	81	—	1,637	—	57	—	334
3. Passenger cars, imported											
1987	$1,002,362	$364,206	$237,051	$ 8,652	$15,027	$11,464	$ 17,967*	$ 95,831	$248,166	$ 2,322	$ 1,676
1986	744,179	257,010	188,259	1,550	10,328	2,673	11,848*	61,598	204,728	2,130	4,055
1. Honda Motor Co.											
1987	128,186	62,496	13,586	—	3,083	3,151	4,136	4,414	37,048	264	8
1986	87,912	35,707	14,654	—	2,323	2,200	3,383	2,976	26,171	472	26
2. C. Itoh & Co.											
1987	109,920	45,664	21,115	92	2,525	—	—	18,682	21,842	—	—
1986	68,275	24,632	16,898	—	1,035	—	771	4,129	20,810	—	—
3. Toyota Motor Corp.											
1987	109,673	32,027	44,789	4,068	1,157	2,301	976	3,296	20,021	427	611
1986	94,602	20,012	51,930	390	1,636	—	589	2,341	16,251	157	1,296
4. Volkswagenwerk AG											
1987	93,575	48,151	12,166	—	1,252	—	10	8,784	23,105	106	1
1986	107,972	48,604	17,388	—	807	—	883	5,179	34,789	255	67
5. Nissan Motor Co.											
1987	82,574	32,955	28,477	331	383	1,029	1,157	4,845	12,973	213	211
1986	65,271	26,707	20,678	196	393	—	900	2,644	12,915	34	804

	Ten-media total (000)	BAR Network television (000)	BAR Spot television (000)	BAR Syndicated television (000)	BAR Cable-tv networks (000)	BAR Network radio (000)	RER Spot radio (000)	MEDIA RECORDS Newspapers (000)	PIB Magazines (000)	PIB Sunday Magazines (000)	LNA Outdoor (000)
4. Passenger cars, domestic											
1987	$ 913,581	$376,742	$132,546	$ 7.372	$ 9.681	$23.527	$ 12.890*	$114.962	$224.433	$ 7.560	$ 3.868
1986	815.939	382,917	93,644	3.979	11.581	29.386	18.345*	49.113	209,876	12.927	4.171
1. General Motors Corp.											
1987	467,500	181,043	75,163	2,070	4,058	7,414	24,360	65,225	101,785	4,652	1,730
1986	350,437	166,028	32,062	1,981	3,581	16,928	14,762	24,681	83,186	5,190	2,038
2. Ford Motor Co.											
1987	267,721	114,458	33,786	4,654	3,356	13,606	164	17,847	77,805	604	1,441
1986	295,007	135,816	40,002	1,549	4,081	12,068	927	10,992	84,171	3,792	1,609
3. Chrysler Corp.											
1987	207,164	81,241	23,597	649	2,267	2,506	—	49,503	44,401	2,304	696
1986	169,562	81,074	21,548	449	3,919	390	2,598	12,883	42,231	3,945	525
4. Classic Motor Carriages Inc.											
1987	482	—	—	—	—	—	—	42	440	—	—
1986	319	—	—	—	—	—	—	34	285	—	—
5. Gaslight Antique Auto											
1987	2	—	—	—	—	—	—	—	2	—	—
1986	3	—	—	—	—	—	—	—	3	—	—
5. Beer											
1987	$ 861,126	$385,765	$203,724	$13,151	$31.552	$19.698	$136.732	$ 26,743	$ 21,008	$ 270	$ 22.483
1986	879,049	375,612	213,750	5,901	27.884	18,015	156,623	27.614	36,853	1,042	15,755
1. Anheuser-Busch Cos.											
1987	358,731	172,097	73,508	4,934	22,570	19,086	40,881	8,522	8,769	41	8,323
1986	347,433	158,344	85,934	2,018	19,326	14,576	42,256	6,618	11,763	735	5,863
2. Philip Morris Cos.											
1987	203,180	120,354	39,049	2,846	5,376	53	24,163	4,746	3,559	—	3,034
1986	214,865	137,896	47,889	3,188	6,050	—	—	6,976	9,705	—	3,161
3. Adolph Coors Co.											
1987	97,343	54,883	23,770	2,489	1,284	8	10,073	125	1,670	—	3,041
1986	87,023	45,857	28,186	253	1,562	—	7,637	1,425	942	—	1,161
4. Stroh Brewery Co.											
1987	51,982	32,139	11,014	2,836	1,242	518	2,475	711	295	—	752
1986	54,353	28,920	11,608	443	811	1,378	5,254	652	4,482	47	758
5. G. Heileman Brewing Co.											
1987	27,302	1,421	12,394	46	67	34	10,534	1,142	474	—	1,190
1986	22,210	2,049	10,700	—	88	462	5,756	880	1,302	—	973
6. Cereals											
1987	$ 698,778	$435,620	$173,519	$41,522	$21,282	$ 1,432	$ 304	$ 2,334	$ 21.836	$ 921	$ 8
1986	556,292	318,001	165,263	27,654	19,352	799	1,603*	2,470	21,031	119	—
1. Kellogg Co.											
1987	303,472	230,661	48,452	16,771	4,012	17	—	196	3,363	71	—
1986	201,993	153,735	31,020	13,343	2,802	0	—	70	1,023	—	—
2. General Mills Inc.											
1987	165,293	60,954	87,847	2,802	9,434	428	207	134	3,487	—	—
1986	166,925	57,903	93,553	2,460	10,041	798	124	183	1,784	79	—
3. Philip Morris Cos.											
1987	107,339	65,462	14,729	14,159	4,590	988	9	60	7,334	—	8
1986	87,033	50,731	15,414	6,497	3,710	—	74	77	10,530	—	—
4. Quaker Oats Co.											
1987	53,376	30,670	10,707	5,110	733	—	—	546	4,892	718	—
1986	44,644	20,378	15,809	3,127	680	—	—	649	4,001	—	—
5. RJR Nabisco Inc.											
1987	34,795	29,061	2,671	893	1,728	—	—	134	273	35	—
1986	30,476	21,718	3,544	882	1,511	—	1,051	81	1,655	34	—
7. Telephone companies, public & private											
1987	$ 605.194	$170.354	$147.031	$ 4.196	$ 7.508	$15.138	$ 35.532	$117.472	$101.010	$ 4.733	$ 2,220
1986	674.142	168.215	209.994	1,415	3.680	21.681	43.515	120.855	98.873	3.398	2,516
1. American Telephone & Telegraph Co.											
1987	279,839	126,062	32,094	3,681	5,963	14,882	4,034	33,968	56,364	2,678	113
1986	268,101	121,830	35,656	1,073	2,843	21,664	5,480	30,099	47,562	1,804	90
2. NYNEX Corp.											
1987	55,445	—	25,583	—	180	177	3,969	19,458	4,610	1,466	2
1986	43,743	44	18,684	—	89	—	1,790	18,614	3,423	966	133

	Ten-media total (000)	BAR Network television (000)	BAR Spot television (000)	BAR Syndicated television (000)	BAR Cable-tv networks (000)	BAR Network radio (000)	RER Spot radio (000)	MEDIA RECORDS Newspapers (000)	PIB Magazines (000)	PIB Sunday Magazines (000)	LNA Outdoor (000)
3. Bell Atlantic Corp.											
1987	35,951	—	15,160	—	382	—	6,027	5,773	8,328	213	68
1986	35,179	—	17,419	—	230	—	4,743	6,230	6,409	67	81
4. BellSouth Corp.											
1987	34,190	—	12,754	—	—	—	10,928	4,630	5,688	32	158
1986	34,739	—	12,646	—	—	—	9,121	6,333	6,149	103	387
5. US Sprint Communications Co.											
1987	33,108	25,305	6,683	495	403	—	12	77	133	—	—
1986	73,872	25,013	36,906	342	258	—	1,923	3,234	6,001	195	—
8. Cigarettes											
1987	$ 594,209	—	$ 11	—	—	—	—	$ 82,440	$325,373	$25.881	$160.504
1986	693,345	—	866	—	—	—	—	125.631	316.026	62.507	188.315
1. Philip Morris Cos.											
1987	268,901	—	—	—	—	—	—	38,825	175,342	7,915	46,819
1986	267,910	—	—	—	—	—	—	45,120	149,049	15,837	57,904
2. RJR Nabisco Inc.											
1987	173,019	—	—	—	—	—	—	14,442	86,085	10,994	61,498
1986	252,198	—	—	—	—	—	—	44,150	95,093	34,586	78,369
3. Loews Corp.											
1987	50,197	—	—	—	—	—	—	3,962	18,944	3,749	23,542
1986	63,324	—	—	—	—	—	—	4,953	27,039	6,782	24,550
4. BAT Industries PLC											
1987	47,757	—	11	—	—	—	—	8,388	21,878	2,153	15,327
1986	46,272	—	47	—	—	—	—	8,516	15,943	1,636	20,130
5. American Brands Inc.											
1987	38,144	—	—	—	—	—	—	5,979	19,002	971	12,192
1986	30,583	—	—	—	—	—	—	21	20,016	3,430	7,116
9. Department stores											
1987	$ 590,766	$ 90,646	$321,376	$ 9,535	$ 6,543	$48,223	$ 51.393	—	$ 51,652	$ 8,293	$ 3,105
1986	617,509	130,454	321,211	5,975	3,495	45,339	48.053	—	54.356	6,144	2,482
1. Sears Roebuck & Co.											
1987	104,405	23,901	13,431	3,851	500	40,056	11,861	—	7,955	2,530	320
1986	145,474	57,253	16,760	3,403	1,167	37,596	10,332	—	17,076	1,761	126
2. JC Penney Co.											
1987	72,453	48,507	7,904	3,420	2,847	2,612	292	—	5,651	1,189	31
1986	67,520	46,867	10,663	1,902	1,616	1,218	875	—	3,771	587	21
3. K mart Corp.											
1987	71,581	18,238	20,085	2,259	2,632	5,532	1,524	—	18,933	2,154	224
1986	67,331	26,333	13,584	561	648	6,526	2,131	—	16,437	1,103	8
4. Dayton-Hudson Corp.											
1987	39,810	—	35,551	—	—	—	3,995	—	56	—	208
1986	32,349	—	28,650	—	—	—	3,496	—	86	—	117
5. Wal-Mart Stores Inc.											
1987	31,900	—	30,241	—	101	4	41	—	1,512	—	1
1986	35,133	—	35,042	—	—	—	6	—	85	—	—
10. Miscellaneous retail											
1987	$ 529,364	$ 55,278	$350,886	$ 450	$ 9,219	$21,803	$ 14,999*	—	$ 23,962	$ 1,504	$ 51,263
1986	446,573	61,885	282,305	414	6.568	23.467	6.449*	—	26,075	2,122	37,288
1. Cotter & Co.											
1987	43,993	4,761	19,713	60	1,652	12,488	1,505	—	3,687	78	49
1986	42,604	12,331	11,562	194	1,588	10,663	1,265	—	4,884	56	61
2. IC Industries Inc.											
1987	40,319	12,251	21,680	—	—	—	6,308	—	—	—	80
1986	42,472	15,265	20,808	—	—	—	6,341	—	—	—	58
3. US Shoe Corp.											
1987	24,872	—	24,767	—	—	—	63	—	—	17	25
1986	14,183	—	13,661	—	—	—	492	—	15	—	15
4. Jack Eckerd Corp.											
1987	21,617	1,458	16,404	—	1,575	—	1,409	—	697	—	74
1986	22,211	1,280	17,379	—	2,023	—	939	—	545	—	45
5. Grand Metropolitan PLC											
1987	20,828	3,471	15,871	—	561	—	581	—	329	—	15
1986	19,478	7,393	10,550	—	529	—	895	—	—	—	111

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TOP 200 BRANDS

Project editors: Martha Benezet, Paula Schnorbus, Romy Schwab

1. McDONALD'S RESTAURANTS

McDonald's Corp.

	Media investments	
	1987	1986
Magazines	$ 6,362,500	$ 175,500
Natl. Sun. mags.	1,235,700	—
Network tv	216,017,400	193,001,600
Spot tv	128,857,400	128,052,900
Network radio	—	—
Spot Radio	4,548,500	4,294,400
Outdoor	6,595,800	5,542,800
Network cable	1,814,700	1,820,200
Newspapers	(No data)	(No data)
Natl. synd.	7,594,900	4,313,900
Total	**$373,026,900**	**$337,201,300**

Marketing/brand management:
Sr exec vp mktg, Paul D. Schrage
Sr vp mktg, Peter A. Nelson
Vp natl mktg, David B. Green
Asst vp media, Laurie A. Grace
Asst vp mktg & media services, Emil Teri
Vp adv, Roy Bergold
Agency: Leo Burnett Co. Chicago
Exec vp media srvcs div, Willard Hadlock
Sr vp, media dir, Sally Hunter
Exec vp, client service dir, James Shymkus
Sr vp acct dir, Jerry Conner
Vp acct dir, Barry Krause
Black agency: Burrell Advertising, Chicago
Sr vp grp dir, Linda Pharr
Vp acct supr, Alan Dinwiddie
Acct supr, Barbara Jackson
Acct exec, Lincoln Carter
Asst acct exec, Deborah Swain
Sr vp media dir, Nick Howse
Media supr, Deborah Gray
Hispanic agency: Conill, N.Y.
Exec vp acct supr, Noah Sifuentes
Media dir, Nancy Tellet

2. BURGER KING RESTAURANTS

Burger King Corp.

	Media investments	
	1987	1986
Magazines	—	$51,300
Natl. Sun. mags.	—	—
Network tv	$66,701,800	70,378,400
Spot tv	95,278,500	94,819,900
Network radio	—	—
Spot radio	4,623,000	3,421,200
Outdoor	1,090,000	1,095,000
Network cable	492,800	904,200
Newspapers	(No data)	(No data)
Natl. synd.	730,300	1,258,000
Total	**$168,916,400**	**$171,928,000**

Marketing/brand management:
Exec vp mktg, Tony Lavely
Dir mkt plng srvcs, Warren Ellish
Dir new prods, Melanie Wisniewski
Dir prom, Dennis Greenia
Dir adv, Chris Carroll
Dir mktg rsrch, Barry Schwartz
Dirs fld mktg, Dick Ambrose, Ed McPherson
Dir media, Denis Hitchmough
Parent: Pillsbury Co.
Agency: NW Ayer, N.Y./L.A.
Exec vp mging dir acct srvcs, Dom Rossi
Sr vp exec acct dir, Ken McCarren (fld)
Sr vp mgmt supr, Lee Rubin (natl)
Vp mgmt suprs, Jean Cathcart, Craig Reddick, Jim Signorelli, Peter Varvara (fld)
Vp acct suprs, Alison Danis, Shari Leifer, Jack Rayher (natl)
Sr vp mging dir media srvcs, Marcella Rosen
Sr vp exec media dir, Jane Twyon
Vp assoc media dir, Mitch Burg
Media suprs, Hugh Meenan, Steve Page, Victor Ruvolo
Minority marketing agency: UniWorld Group, N.Y.
Pres dir acct srvcs, Herb Kemp
Vp grp adv dir, Andy Bonaparte
Vp dir fld mktg, Micah Chandler
Acct supr, Michele Brown-Jacobs (fld)
Acct exec, Ashley Hodge
Hispanic agency: Castor Spanish International

3. BUDWEISER BEER

Anheuser-Busch, Inc.

	Media investments	
	1987	1986
Magazines	$ 3,241,000	$ 2,043,200
Natl. Sun. mags.	41,200	330,200
Network tv	49,126,100	47,994,100
Spot tv	27,172,200	27,524,500
Network radio	7,190.100	7,207,900
Spot radio	11,924,600	14,340,800
Outdoor	3,776,200	2,789,300
Network cable	9,447,600	8,261,900
Newspapers	5,877,200	5,345,800
Natl. synd.	1,978,400	802,100
Total	**$119,774,600**	**$116,639,800**

Marketing/brand management:
Exec vp mktg, Michael J. Roarty
Vp brand mgmt, Jack MacDonough
Vp corp media/sports mktg, Charles B. Fruit
Brand grp dir, Tom Sharbaugh
Sr brand mgr, Bob Gunthner
Prod mgrs, Jim Schumacker, Paul Stoddart
Agency: D'Arcy Masius Benton & Bowles, St. Louis
Sr vp acct grp dir, Todd Abrams
Sr vp mgmt supr, Jim Palumbo
Vp acct suprin, Rich Lalley
Acct supr, Fred Wolter
Acct execs, Martha Bonneville, Thomas Gooch
Sr vp dir media srvcs, Jim Porcarelli
Asst acct exec, Mike Johnson
Vp assoc media dir, Beth Seib
Hispanic agencies: Castor Spanish International

4. KENTUCKY FRIED CHICKEN FOOD SERVICE

PepsiCo

	Media investments 1987	Media investments 1986
Magazines	$ 54,700	—
Natl. Sun. mags.	—	—
Network tv	68,732,200	$47,904,500
Spot tv	38,138,100	31,947,100
Network radio	—	—
Spot radio	780,200	2,371,600
Outdoor	1,162,100	709,700
Network cable	893,600	743,300
Newspapers	(No data)	(No data)
Natl. synd.	3,185,800	99,000
Total	**$112,946,700**	**$83,775,200**

Marketing/brand management:
KFC Natl. Adv. Cooperative, Inc.:
Exec dir, Phillip E. Risinger
Vp mktg dir, Michael O. Willson
Mgr adv srvcs, Susan Yates
KFC Corporation:
Sr vp mktg, Lawrence E. Beeson
Vp field mktg, Tom Cross
Vp mktg, Lynn Bace
Vp new products mktg, Sally Mackinnon
Agency: Young & Rubicam, N.Y.
Grp dir, John Glorieux
Mgmt supr, Chris Becker
Acct supr, Fred Langbecker
Acct exec, Charles Hurdman
Asst acct exec, Andrea Miller
Media dir, George Sharpe
Media grp supr, Rich Alcott

5. FORD DEALERS ASSOCIATION FRANCHISE

Ford Motor Division

	Media investments 1987	Media investments 1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$ 37,900	—
Spot tv	71,594,900	$50,027,000
Network radio	—	—
Spot radio	6,151,300	4,985,100
Outdoor	1,326,100	1,463,200
Network cable	—	—
Newspapers	14,985,200	8,853,900
Natl. synd.	—	—
Total	**$94,095,400**	**$65,329,200**

Marketing/brand management:
Dealer ad mgr, R.W. Lisenby
Parent: Ford Auto Dealers Association
Agencies include J. Walter Thompson, Detroit
Exec vp gm, Peter Schweitzer
Sr vp mgmt dir, Hugh Trenkamp
Acct dir, Mike Apple
Media supr, George Sekulidis
Note: JWT is involved with the advertising of about half of Ford's dealer associations; the other associations use their own agencies.

6. AMERICAN AIRLINES PASSENGER SERVICE

American Airlines Inc.

	Media investments 1987	Media investments 1986
Magazines	$ 4,171,700	$ 4,010,100
Natl. Sun. mags.	58,000	—
Network tv	25,946,500	18,276,900
Spot tv	19,181,100	18,020,100
Network radio	976,200	433,200
Spot radio*	7,284,200	14,111,400
Outdoor	222,100	162,100
Network cable	809,100	486,200
Newspapers	34,332,200	26,648,900
Natl. synd.	—	—
Total	**$92,981,100**	**$82,148,900**

*M&MD estimates

Marketing/brand management:
Sr vp mktg, Michael W. Gunn
Vp travel info network, M.A. Buckman
Mging dir adv, James Simon
Vp corp comm, Lowell C. Duncan
Mgrs adv, William E. Quackenbush, Bruce Goodyear, Andrea Spica, Ann White, Rick Fisher
Mging dir sales prom, Frank J. DiNuzzo
Mgr adv admin, Gregg Mavico
Mgr intl adv, L.C. Quintiliani
Parent: AMR Corp.
Agency: Bozell Jacobs Kenyon & Eckhardt, Dallas
Exec vp acct dir, Paul Gold
Sr vp media, Philip Brushaber
Sr vp media plng dir, Lynne Christopher
Sr vp mgmt rep, Patsy Tryon
Sr vp research dir, Janie Urbanic

7. AT&T COMPANY GENERAL PROMOTION

American Telephone & Telegraph Co.

	Media investments 1987	Media investments 1986
Magazines	$17,375,800	$10,542,600
Natl. Sun. mags.	56,700	60,800
Network tv	48,914,800	11,986,000
Spot tv	6,758,600	2,178,700
Network radio	3,400,700	3,379,100
Spot radio*	851,800	4,900,000
Outdoor	—	—
Network cable	1,402,000	264,700)
Newspapers*	8,454,400	281,300
Natl. synd.	694,800	—
Total	**$87,909,600**	**$33,593,200**

*M&MD estimates

Marketing/brand management:
Corporate adv dir, R. Markwardt
Dir adv srvcs, R.W. Watson
Corp media mgr, M. Seduski
Corp brdcst mgr, D.K. Ritter
Div mgr, R.Z. Manna
District mgrs, J. R. Byrne, L.B. Urben, A. M. Winters
Staff mgrs, J. Finore, M. Thiem
Agencies: NW Ayer, N.Y.
Sr vp exec acct dir, J. Keeler
Sr vp mgmt supr, F. McClafferty
Vp acct supr, V. Niemann
Sr vp grp media dir, David Lehmkuhl
Assoc media dir, Jay Kearney
Ogilvy & Mather, New York (Int'l)
Sr vp grp dir, G.K. O'Dea

Sr vp mgmt supr, C. Round

Minority/college recruitment agency: Uniworld, New York

Sr vp gen mgr, H. Morales

Vp acct supr, L. Dukette

8. MILLER LITE BEER

Miller Brewing Co.

	Media investments 1987	1986
Magazines	$ 304,100	$ 1,431,100
Natl. Sun. mags.	—	—
Network tv	59,846,700	60,714,700
Spot tv	10,144,600	10,194,700
Network radio	26,400	—
Spot radio	8,382,600	9,957,800
Outdoor	886,300	960,500
Network cable	2,584,100	3,043,500
Newspapers	294,700	382,500
Natl. synd.	1,345,500	1,568,200
Total	**$83,815,000**	**$88,253,300**

Marketing/brand management:

Vp brand mgmt, Robert A. Toledo

Grp prod dir, Barry Barrett

Brand mgr, Tamara Hauck

Dir adv srvcs, Robert Ward

Asst brand mgrs, Kevin Tripp, Rick Burton, Tom Cardella

Parent: Philip Morris Cos.

Agency: Backer Spielvogel Bates, N.Y.

Exec vp coo, G. Robert Holmen

Sr vp grp dir, Jeffrey F. Palmer

Vp mgmt supr, Frank J. Assumma

Acct execs, Paul Daniusis, Don Moriarty

Exec vp media srvc, Stephen Leff

Sr vp media, Mark Buttita

Media dir, Jay Schoenfeld

Assoc media dir, James Geogehen

Hispanic Agency: Mendoza, Dillon & Associados, Inc., Newport Beach, Calif.

Black Agency: Mingo-Jones Advertising

9. WENDY'S RESTAURANTS

Wendy's International Inc.

	Media investments 1987	1986
Magazines	$ 482,700	$ 554,300
Natl. Sun. mags.	—	—
Network tv	46,771,900	41,667,600
Spot tv	31,666,700	37,912,700
Network radio	—	—
Spot radio	469,400	391,200
Outdoor	2,022,500	1,293,800
Network cable	143,000	586,800
Newspapers	no data	no data
Natl. synd.	750,200	1,018,400
Total	**$82,306,400**	**$83,424,800**

Marketing/brand management:

Exec vp, Charles Rath

Vp corp mktg, Bruce Ley

Vp fld mktg, Don Calhoon

Vp corp comm, Denny Lynch

Agencies: Backer Spielvogel Bates, N.Y.

Exec vp gm, Raymond Caruso (Columbus, Ohio)

Sr vp mgmt rep, Randall Windschitl

Grp mgmt rep, Randolph C. Lindel

Sr vp grp media dir, Charles T. Rutman

Lockhart & Pettus, N.Y.

Sr vp dir client srvcs, Ronn Harris

Mendoza, Dillon & Associados, Newport Beach, Calif.

Vp acct srvcs, Eduardo del Rivero

10. AMERICAN EXPRESS CREDIT CARD SERVICES

American Express Co.

	Media investments 1987	1986
Magazines	$11,433,000	$13,250,100
Natl. Sun. mags.	1,074,700	544,000
Network tv	42,236,900	39,673,400
Spot tv	21,125,200	14,569,600
Network radio	—	—
Spot radio	3,063,900	2,619,700
Outdoor	7,400	14,700
Network cable	684,100	497,300
Newspapers	(No data)	(No data)
Natl. synd.	1,689,800	142,200
Total	**$81,315,000**	**$71,311,000**

Marketing/brand management:

Exec vp gen mgr (personal card), Morris Perlis

Vp adv (personal card), Joan Bonnette

Exec vp gen mgr (gold card/platinum card), Kenneth Chenault

Vp adv (gold card), Pamela Guyot

Dir adv (gold card), Peggy Mitchell-King

Agencies: Ogilvy & Mather, N.Y.

Sr vp grp dir, Dave Warden

Vp mgmt supr, Rick Estabrook

Sr vp assoc media dir, Wilma Epstein

Vp asst media dir, Linda Fidelman

Vp acct supr, June Blocklin

McCann-Erickson, N.Y.

(Gold Card)

Sr vp mgmt rep, Ed Comiskey

Vp mgmt supr, Linda Boothby

Exec vp media dir, George Hayes

11. PIZZA HUT RESTAURANTS

Pizza Hut Inc.

	Media investments 1987	1986
Magazines	$ 124,600	$ 98,700
Natl. Sun. mags.	—	—
Network tv	$23,529,300	21,281,900
Spot tv	54,017,100	49,983,400
Network radio	146,700	—
Spot radio	671,300	602,000
Outdoor	335,700	636,300
Network cable	4,500	814,900
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$78,829,200**	**$73,417,200**

WANTED:
National Advertisers
for unique publication reaching
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Serious inquires only.
Contact: Steve Goldmintz 516/665-8800
Premium Channels Publishing Company, Inc.

Marketing/brand management:
Sr vp mktg, David Novak
Sr dir adv, Steve Farley
Parent: PepsiCo
Agency: BBDO, N.Y.
Exec vp sr mgmt, Joe Barrett
Vp mgmt rep, Terry Davenport
Acct suprs, Chris Matthews, Liz Hilton, Dave Krobot
Exec vp dir media prog, Arnie Semsky
Sr vp assoc media dir, Mike Hedge

12. UNITED AIRLINES PASSENGER SERVICE

United Air Lines, Inc.

	Media investments 1987	1986
Magazines	$ 7,057,700	$ 6,009,600
Natl. Sun. mags.	67,600	169,100
Network tv	30,117,400	27,628,400
Spot tv	11,072,000	14,540,900
Network radio	1,829,800	2,175,400
Spot radio	7,497,300	11,115,400
Outdoor	59,800	620,300
Network cable	1,482,600	1,665,800
Newspapers	15,507,100	19,043,400
Natl. synd.	—	—
Total	**$74,691,300**	**$82,968,300**

Marketing/brand management:
Exec vp mktg & plng, John R. Zeeman
Vp adv, John Ruhaak
Dir adv, Bill Alenson
Mgr, Bill Groundwater
Parent: UAL Corp.
Agency: Leo Burnett Co., Chicago
Sr vp acct dir, Jim Thompson
Vp acct supr, Steve Crawford
Vp acct supr, John Goad
Acct suprs, Wendy Peters, Karen Berman
Exec vp media srvcs, Willard Hadlock
Sr vp media dir, Sally Hunter
Vp media dir, Mary Ann Cycyota

13. AT&T LONG DISTANCE

American Telephone & Telegraph Co.

	Media investments 1987	1986
Magazines	$14,175,600	$ 9,637,500
Natl. Sun. mags.	1,575,000	748,600
Network tv	32,826,000	64,032,100
Spot tv	5,462,100	7,044,900
Network radio	5,900,500	12,276,300
Spot radio	—	333,700
Outdoor	7,700	—
Network cable	2,707,000	694,800
Newspapers*	6,917,200	11,887,500
Natl. synd.	2,627,000	918,900
Total	**$72,198,100**	**$107,574,300**

*M&MD estimates

Marketing/brand management:
Adv dir, K. M. Armstrong
Adv. mgrs, Jane Kleban, Stephen Block, Bruce Carlson
Dir consumer mkt mgr, J. Ryan
Agencies: Young & Rubicam, N.Y. (special long distance srvcs)
Exec vp grp dir, Mort Lowenstein
Sr vp mgmt supr, Barbara Jack
Vp mgmt supr, Jonas Wagner
NW Ayer, N.Y. (domestic consumer long distance)
Exec vp mging dir acct srvcs, David Gantman
Sr vp mgmt supr, Anne MacDonald
Ogilvy & Mather Direct (domestic consumer long distance)
Sr vp gen mgr, Shelley Lazarus
Vp mgmt supr, Cynthia Grant
Hispanic markets agency: Bermudez & Assoc., L.A.
Chair ceo, Eduardo Bermudez
Puerto Rico Agency: Marti Flories Prieto & Wachtel
Chair ceo, Enrique Marti-Coll

14. DELTA AIR LINES PASSENGER SERVICE

Delta Air Lines, Inc.

	Media investments 1987	1986
Magazines	$ 1,046,800	$ 413,600
Natl. Sun. mags.	—	—
Network tv	14,030,400	2,131,600
Spot tv	12,888,200	13,246,900
Network radio	—	—
Spot radio*	19,344,900	21,707,700
Outdoor	1,359,900	1,759,400
Network cable	3,245,200	4,447,900
Newspapers	20,114,200	19,051,700
Natl. synd.	—	5,200
Total	**$72,029,600**	**$62,764,000**

*M&MD estimates

Marketing/brand management:
Sr vp mktg, W. W. Hawkins
Dir adv & sales prom, Judy Jordan
Mgr adv, Sandy Rowan
Agency: BDA/BBDO, Atlanta
Chair ceo, Glenn Verrill
Pres coo, Don Mitchum
Exec vp acct supr, Jack Walz
Exec vp creative dir, Gregg Dearth
Sr vp media dir, Martin Hollinger

15. TACO BELL RESTAURANTS

Taco Bell Corp.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$ 6,224,500	$ 1,970,100
Spot tv	56,324,000	48,267,300
Network radio	—	—
Spot radio	4,436,300	5,208,300
Outdoor	492,200	302,500
Network cable	—	—
Newspapers	—	—
Natl. synd.	—	—
Total	**$67,477,000**	**$55,748,200**

Marketing/brand management:
Sr vp mktg, James P. Loser
Vp mktg, George Reynolds
Dir media srvcs, Keith Landau
Mgr media srvcs, Emily Adelmann
Asst mgr media srvcs, Mary Panus
Div dirs mktg, Craig Held, David Brooker, Joel Oberman
Sr dir natl mktg, Peter McNally
Sr dir new prods, Karen Eadon
Parent: PepsiCo
Agency: Tracy-Locke, L.A.
Exec vp mgmt rep, Tom Morris
Sr vp acct supr, Ken Gal
Vp media dir, Ronnie Greenfield
Vp assoc media dir, Walter Atkinson

16. BUD LIGHT BEER

Anheuser-Busch, Inc.

	Media investments 1987	1986
Magazines	$ 867,500	$ 666,600
Natl. Sun. mags.	—	—
Network tv	32,736,600	34,332,300
Spot tv	16,013,500	16,159,400
Network radio	1,309,500	807,900
Spot radio	6,330,300	5,743,900
Outdoor	1,425,700	831,500
Network cable	5,249,600	4,130,600
Newspapers	284,900	191,400
Natl. synd.	645,100	94,800
Total	**$64,862,700**	**$62,958,400**

Marketing/brand management:
Exec vp mktg, Michael J. Roarty
Vp brand mgmt, Jack MacDonough
Vp corp media/sports mktg, Charles B. Fruit
Grp brand dir, Tom Sharbaugh
Sr prod mgr, Joe Corcoran
Prod mgr, Mark Schupp
Agency: DDB/Needham Worldwide, Chicago
Vp acct supr, Mark Liether
Sr vp mgmt rep, Bob Lachky
Acct exec, Brooke Chapman
Sr vp grp acct dir, John Greening
Vp assoc media dir, Gary Mueller
Media supr, Scott Morehead
Media plnr, Greg Field
Hispanic agency: Castor Spanish International

17. PEPSI-COLA

PepsiCo

	Media investments 1987	1986
Magazines	$ 105,300	—
Natl. Sun. mags.	—	—
Network tv	9,482,900	$4,139,800
Spot tv	42,783,100	37,881,600
Network radio	—	14,000
Spot radio	5,832,400	5,344,100
Outdoor	1,804,200	1,221,700
Network cable	1,616,600	1,094,800
Newspapers	3,092,800	1,954,100
Natl. synd.	64,800	317,200
Total	**$64,782,100**	**$51,967,300**

Marketing/brand management:
Exec vp mktg & natl sales, Mike Lorelli
Vp adv, David Ropes
Vp media, Rick Rock
Assoc media dir, Mary Ann Power
Agency: BBDO, N.Y.
Sr vp mgmt rep, Bill Katz
Vp acct supr, Jeff Mordos
Exec vp dir media srvcs, Arnie Semsky
Sr vp dir media plng srvcs, Mike Drake
Sr vp dir network tv & prog, Steve Grubbs
Sr vp-assoc media dir, Ivan Becker
Vp assoc network dir, Stu Shlossman
Media suprs, Rene Goldmuntz, Mary Ann Cunningham
Media plnr, Karen Rosner
Network buyer, Lisa McWalters
Minority Agency: Siboney Advertising, N.Y.
Gen mgr, Roger Pisani
Vp acct supr, Carla Trum
Acct exec, Melissa Quinoy
Vp media dir, Meg Bernot
Media supr, Joe Pena

18. MILLER GENUINE DRAFT BEER

Miller Brewing Co.

	Media investments 1987	1986
Magazines	$ 929,400	$ 1,456,000
Natl. Sun. mags.	—	—
Network tv	$45,065,200	29,873,200
Spot tv	4,411,200	5,953,300
Network radio	26,400	—
Spot radio	$4,651,400	269,200
Outdoor	4,700	1,000
Network cable	1,930,100	369,700
Newspapers	(No data)	(No data)
Natl. synd.	1,312,600	302,800
Total	**$58,331,000**	**38,225,200**

Marketing/brand management:
Vp brand mgmt, Robert Toledo
Grp prod dir, Jerry Schmutte
Brand mgr, Ralph Kytan
Dir adv srvcs, Robert Ward
Asst brand mgrs, Jay Lenstrom, Rob Olejniczak, J. J. Shields
Parent: Philip Morris Cos.
Agency: Backer Spielvogel Bates, N.Y.
Sr vp grp dir, Dean Scaros
Vp acct supr, Mike Russell
Acct supr, Andrew Rider
Acct execs, J.B. Raftus, Laura Lancaster
Media dir, Jay Schoenfeld
Exec vp media svces, Steve Leff
Media supr, Dave Kupiec
Black Agency: Mingo-Jones Advertising
Hispanic Agency: Mendoza, Dillon Associados, Newport Beach, Calif.

19. MICHELOB BEER

Anheuser-Busch Inc.

	Media investments 1987	1986
Magazines	$ 1,098,400	$ 1,772,800
Natl. Sun. mags.	—	—
Network tv	34,076,000	30,328,900
Spot tv	6,807,100	7,913,900
Network radio	6,942,300	5,204,900
Spot radio	2,128,300	2,656,000
Outdoor	536,700	323,700
Network cable	3,485,800	2,493,700
Newspapers	948,000	518,200
Natl. synd.	1,238,500	655,700
Total	**$57,261,100**	**$51,867,800**

Marketing/brand management:
Exec vp dir mktg, Michael J. Roarty
Vp brand mgmt, Jack MacDonough
Vp corp media/sports mktg, Charles B. Fruit
Grp mktg mgr, Robert Goughenour
Sr brand mgr, Peter C. Rozzell
Prod mgr, Anne E. Suppiger
Agency: DDB/Needham Worldwide, Chicago
Acct supr, Peter Kuntz
Acct exec, Alan Cohen
Asst acct exec, Rich Feitler
Sr vp mgmt rep, Don Richards
Sr vp grp acct dir, John Greening
Vp assoc media dir, Geoffrey McClelland
Media supr, Matt Langan
Media plnrs, Kristin Keramidas, Sherie Fedak
Hispanic Agency: Castor Spanish Inernational

20. CHEVROLET COMPACT TRUCKS

Chevrolet Motor Division

	Media investments 1987	1986
Magazines	$11,837,500	$ 2,716,700
Natl. Sun. mags.	1,274,000	589,800
Network tv	22,705,100	13,226,700
Spot tv	5,379,600	1,734,200
Network radio	2,028,700	458,000
Spot radio*	96,700	540,900
Outdoor	—	100
Network cable	853,300	192,600
Newspapers	11,699,600	2,068,900
Natl. synd.	941,500	394,700
Total	**$56,816,000**	**$21,822,600**

*M&MD estimates

Marketing/brand management:
Gen mgr, Robert D. Burger
Gen sales & srvc mgr, Robert W. Starr
Gen mktg mgr, Michael H. Erdman
Dir area mktg, Jeffrey P. Hurlbert
Asst gen sales mgr, Edd K. Roggenkamp III

Mktg mgr-trucks, John M. Kelley
Mgr truck adv, Candace Robbins
Parent: General Motors Corp.
Agency: Campbell-Ewald, Detroit
Exec vp client srvc dir, Robert H. Schirmer
Sr vp, Dennis G. Connaughton
Grp sr vp grp mgmt suprs, John A. Barczyk (trucks), Anthony J. Hopp (area mktg)
Exec vp media srvcs dir, Louis M. Schultz
Sr vp assoc media dirs: James T. Birchfield (natl), Ronald D. Geskey (area mktg)
Sr vp mgr, Barbara A. Munro
Sr vp dir natl brdcst media, Judith E. Sawyer
Sr vp mgr local mkt media, Robert I. Mitchell II
Vp media suprs (area mktg), John A. Winkelseth, Bruce Weber, Pat Sharp, Sue Chisholm (natl)

21. NISSAN DEALERS ASSOCIATION FRANCHISE

Nissan Auto Dealers Assoc.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$51,220,400	$48,121,500
Network radio	—	—
Spot radio	4,311,500	186,600
Outdoor	4,000	14,000
Network cable	—	—
Newspapers	977,800	886,000
Natl. synd.	—	—
Total	**$56,513,700**	**$49,208,100**

Marketing/brand management:
Dir adv, Joe Opre
Natl dealer adv mgr, Scott Fessenden
Dealer adv suppt mgr, Dale Finley
Media plng mgr, Susan Furedi
Parent: Nissan Auto Dealers Assoc.
Agencies: Various

22. U.S. ARMY RECRUITING

U.S. Army Recruiting Command

	Media investments 1987	1986
Magazines	$ 7,617,900	$ 8,713,800
Natl. Sun. mags.	—	790,500
Network tv	24,892,000	29,836,100
Spot tv	5,500	1,900
Network radio	8,976,700	8,147,000
Spot radio	6,161,400	4,177,600
Outdoor	2,700	53,300
Network cable	2,636,100	1,698,600
Newspapers	1,145,300	1,269,100
Natl. synd.	1,970,000	1,630,500
Total	**$53,407,600**	**$56,318,400**

Marketing/brand management:
Adv & sales prom dir, Col. David Fabian
Deputy dir opers, adv & sales prom, Lt Col Ronald L. Morsch
Chief media & dist., Maj Greg McGuckin
Agencies: Young & Rubicam, N.Y.
Exec vp grp dir, John Glorieux
Sr vp mgmt supr, Bill Green
Vp mgmt supr, Clark Brooks
Grp media supr, Bruce Wager
Media plng suprs, Kerry Dyer, Nancy Snyder, Martha Spratley
Wunderman Worldwide, N.Y.
Direct Marketing:
Vp mgmt supr, Phil Cheeners
Vp assoc media dir, Karen Harris
Media plng supr, Carl Fremont

There are 60 new entries this year, 23 of which are new products.

23. TOYOTA DEALERS ASSOCIATION FRANCHISE

Toyota Motor Corp.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$47,452,200	$36,587,400
Network radio	—	—
Spot radio	2,159,800	2,646,500
Outdoor	11,000	5,800
Network cable	—	—
Newspapers	980,300	883,800
Natl. synd.	—	—
Total	**$50,603,300**	**$40,123,500**

Marketing/brand management:
Corp mktg mgr, George Borst
Natl adv mgr, David Danzer
Adv mgrs, Kevin Flynn (TDA), Don Cecconi (trucks)
Adv admin TDA, Joy Greenlee
Agency: Saatchi & Saatchi DFS, Torrance, Calif.
Exec vp, Bob Cormier

24. HYUNDAI EXCEL

Hyundai Group

	Media investments 1987	1986
Magazines	$ 7,815,600	$ 4,736,300
Natl. Sun. mags.	—	—
Network tv	12,774,200	4,003,500
Spot tv	29,046,600	17,913,600
Network radio	—	—
Spot radio*	—	27,600
Outdoor	—	17,200
Network cable	—	—
Newspapers*	853,000	1,359,700
Natl. synd.	—	—
Total	**$50,489,400**	**$28,057,900**

*M&MD estimates

Marketing/brand management:
Dir mktg, Jack Collins
Natl adv mgr, Joe Corey
Media dlr assoc mgr, Tom Meyers
Agency: Backer Spielvogel Bates, N.Y.
Vp mgmt supr, Harry Grusche
Vp acct dirs, Bob Svete, Sal Triano
Vp media dir, Charlie Rutman
Sr acct exec, Paula Dyba

25. MERCEDES-BENZ PASSENGER CARS

Mercedes-Benz of North America

	Media investments 1987	1986
Magazines	$ 2,444,700	—
Natl. Sun. mags.	—	—
Network tv	14,646,200	$10,976,000
Spot tv	5,461,600	1,679,000
Network radio	—	—
Spot radio	7,628,900	3,541,500
Outdoor	—	—
Network cable	390,500	38,100
Newspapers	19,590,200	16,978,400
Natl. synd.	—	—
Total	**$50,162,100**	**$33,213,000**

Marketing/brand management:
Vp mktg, Hans Jordan
Gen mgr mktg comm, Gerd Klauss
Adv mgr, J. Kevin Davidson
Media supr, Janice Englishmen
Agency: McCaffrey & McCall, N.Y.
Sr vp grp dir, William Vieser
Vp acct supr, William Metzger
Sr vp media, Tom Wilson
Media dir, Julie Pinkwater

Sources for ad-spending estimates for 1987 appear on page 116.

26. RED LOBSTER RESTAURANTS

Red Lobster Inns of America

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$36,935,500	$27,096,400
Spot tv	10,225,700	9,386,300
Network radio	—	—
Spot radio	100,900	1,226,800
Outdoor	263,600	268,100
Network cable	94,400	80,800
Newspapers	(No data)	(No data)
Natl. synd.	631,400	338,200
Total	**$48,251,500**	**$38,396,600**

Marketing/brand management:
Exec vp mktg, Mike Dimopoulos
Dir adv, Jack Linn
Mgr long-range media strategy, Leslie Fontenot
Parent: General Mills Inc.
Agency: Grey Advertising, N.Y.
Exec vp, Stew Hegleman
Sr vp, Warren Fischer
Vp mgmt supr, Thom McCarthy

27. SUBARU PASSENGER CARS

Subaru of America

	Media investments 1987	1986
Magazines	$ 3,917,000	$ 3,561,500
Natl. Sun. mags.	79,000	—
Network tv	19,874,300	10,844,700
Spot tv	13,229,700	7,352,900
Network radio	2,871,200	—
Spot radio	—	—
Outdoor	—	—
Network cable	578,800	464,700
Newspapers	6,329,100	470,200
Natl. synd.	533,400	6,500
Total	**$47,412,500**	**$22,700,500**

Marketing/brand management:
Vp mktg, David L. Sippel
Dir adv & merchan, Chris Wackman
Natl adv oper mgr, Rick Balsiger
Natl dist mktg mgr, Tom Todd
Partner: Fuji Heavy Industries
Agency: Levine, Huntley, Schmidt & Beaver Inc. N.Y.
Sr vp grp dir (natl & dist bus), Terry Bonaccolta
Subaru national account group:
Vp mgmt supr, Michael Elkisch
Acct suprs, Jerry Noonan, Bernie Lanigan
Acct exec, Elaine Romano
Asst acct exec, Cheri Stern
Vp dir media srvcs, Michael Daly
Dir plng, Ed Ronk
Print media dir, Vivian Riley
Assoc media dir, Michael Sadowsky
Media supr, Andrea Blumenthal
Media plnrs, Queenie Lee, Rob Aigner

28. EASTERN AIR LINES PASSENGER SERVICE

Eastern Air Lines Inc.

	Media investments 1987	1986
Magazines	$ 1,445,500	$ 2,010,800
Natl. Sun. mags.	131,800	67,000
Network tv	29,400	434,700
Spot tv	5,154,200	14,579,300
Network radio	—	—
Spot radio*	9,873,300	12,828,300
Outdoor	504,400	767,600
Network cable	28,900	185,400
Newspapers	30,139,800	28,970,600
Natl. synd.	19,000	—
Total	**$47,326,300**	**$59,843,700**

*M&MD estimates

Marketing/brand management:
Sr vp mktg, John W. Nelson
Mgrs, Robert A. Wolf (vacation adv), Linda Collins (bus adv), Robert de Cespedes (intl), Robert J. Bauer (sales prom)
Parent: Texas Air Corp.
Agency: Lintas:Campbell-Ewald
Sr vp dir, Robert F. Henry
Vp acct suprs, T. Steele, M. Solomon, D. McAfee
Acct supr, Jamie Holt
Sr vp assoc media dir, Robert Gervason
Sr vp media mgr, Howard Zoss
Exec vp, Joseph Karle
Sr vp assoc mgmt suprs, Warren Ruden, Michael Rogers, Gunther Saupe
Exec vp dir media srvcs, Louis M. Schultz

29. TWA PASSENGER SERVICE

Trans World Airlines Inc.

	Media investments 1987	1986
Magazines	$ 3,666,200	$ 1,902,900
Natl. Sun. mags.	136,500	179,400
Network tv	45,200	60,500
Spot tv	15,473,300	11,809,900
Network radio	—	—
Spot radio	1,744,500	2,561,700
Outdoor	193,400	85,600
Network cable	200	—
Newspapers	24,365,200	27,543,200
Natl. synd.	390,600	169,800
Total	**$46,015,100**	**$44,313,000**

Marketing/brand management:
Vp passenger mktg, Tim Brier
Dir business mktg, James Smith
Dir adv, Tracy Britten
Dir prom mktg, Kathi Trepper
Parent: Trans World Airlines Inc.
Agencies: Young & Rubicam, N.Y.
Sr vp mgmt supr, Bob Donahoe
Vp mgmt supr, Roger Chiocchi
Sr vp media dir, Ira Tumpowsky
Sr vp grp supr, Joe Mannix
Wunderman Worldwide, N.Y.
Exec vp grp dir, Worth Linen
Acct supr, Carole Wolpin
Exec vp media dir, Polly Langbort
Vp media dir, Ellen Weiss

P&G has seven brands in the list this year.

30. 7-ELEVEN FOOD STORES

Southland Corp.

	Media investments 1987	1986
Magazines	—	$ 10,400
Natl. Sun. mags.	—	—
Network tv	$ 67,600	866,300
Spot tv	26,605,800	8,525,900
Network radio	—	—
Spot radio	16,741,100	19,039,800
Outdoor	2,197,400	2,892,500
Network cable	14,500	4,300
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$45,626,400**	**$31,339,200**

Marketing/brand management:
Vp mktg, John Antioco
Mktg dir, Rod Brehm
Brand mgr, Scott Gabriele
Adv dir, Fred Bradshaw
Adv devel mgr, Marva Cathey
Media dir, Mary Lee Kilgore
Agency: Hill, Holliday, Connors, Cosmopulos, N.Y.
Sr vp grp dir, Chris Miller
Vp acct supr, Casey Jones
Acct supr, Jim Matthews
Acct exec, Gary Cohen
Sr vp media, Joe Martina
Media dir, Sheilagh Daly
Minority Agency: Castor Spanish International

The soft-drinks in the Top 200 spent an impressive $276.8 million on ads.

31. KROGER FOOD STORES

The Kroger Co.

	Media investments 1987	1986
Magazines	$ 503,400	$BB 763,800
Natl. Sun. mags.	119,400	—
Network tv	98,300	1,846,100
Spot tv	38,685,800	35,614,100
Network radio	—	—
Spot radio	2,732,800	3,177,700
Outdoor	2,743,900	2,296,600
Network cable	277,000	295,100
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$45,160,600**	**$43,993,400**

Marketing/brand management:
Vp adv, Dick Owens
Adv mgrs, (Kroger food stores) Greg Klausing, Rich McGraw
Agency: Campbell-Mithun, Chicago
Exec vp gen mgr, Marvin Goldsmith
Vp mgmt supr, Jon Wylie
Vp mgmt supr, John Kroening
Sr vp media dir, Charles Abrams

32. HARDEE'S RESTAURANTS

Hardee's Food Systems Inc.

	Media investments 1987	1986
Magazines	$ 2,500	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	39,793,100	$29,445,600
Network radio	—	58,500
Spot radio	2,847,500	2,740,000
Outdoor	1,955,100	1,617,300
Network cable	103,300	—
Newspapers	(No data)	(No data)
Natl. synd.	70,400	—
Total	**$44,771,900**	**$33,861,400**

Marketing/brand management:
Exec vp mktg, Gary L. Langstaff
Vp field mktg, Bill Lancaster
Agency: Ogilvy & Mather, N.Y.
Sr vp grp dir, Bill Gray
Sr vp assoc media dir, Alan Orlick
Vp asst media dir, Kristina Allen

33. CHEVROLET DEALERS ASSOCIATION FRANCHISE

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$39,937,400	$36,695,900
Network radio	—	—
Spot radio	429,400	1,171,000
Outdoor	1,200	3,700
Network cable	—	—
Newspapers	4,171,800	2,961,900
Natl. synd.	—	—
Total	**$44,539,800**	**$40,832,500**

Marketing/brand management:
Chevrolet Div., General Motors:
Gen mgr, Robert D. Burger
Gen sales & srvc mgr, Robert W. Starr
Gen mktg mgr, Michael H. Erdman
Asst gen sales mgr, Edd K. Roggenkamp III
Mktg mgrs, Steve D. McAvoy (passenger cars), John M. Kelley (trucks)
Mgrs adv, Danielle K. Colliver (passenger cars), Candace Robbins (trucks)
Dir area mktg, Jeff P. Hurlbert
Parent: General Motors Corp. Dealers Assoc.
Agencies: Various
Chosen by 157 dealer associations nationwide

34. DOMINO'S RESTAURANTS

Domino's Pizza Inc.

	Media investments 1987	1986
Magazines	$ 30,400	—
Natl. Sun. mags.	—	—
Network tv	25,835,000	$19,495,800
Spot tv	15,046,700	14,223,600
Network radio	—	—
Spot radio	2,624,200	2,234,600
Outdoor	208,700	642,600
Network cable	721,700	334,100
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$44,466,700**	**$36,930,700**

Marketing/brand management:
Div vp mktg, Sam Fine
Natl dir mktg, Mike Raymond
Natl dir mkt research, Margaret Olson-Cox
Natl dir pub rel, Ron Hingst
Agency: Group 243, Ann Arbor, Mich.
Pres, Janet Muhleman
Gen mgr, Bruce Smith
Mgmt dir, Henry Blank
Assoc media dir, Kathy Savitskie

35. TRUE VALUE STORES

Cotter & Co.

	Media investments	
	1987	1986
Magazines	$ 3,687,100	$ 4,693,100
Natl. Sun. mags.	78,000	56,300
Network tv	4,761,200	12,331,100
Spot tv	19,712,700	11,562,300
Network radio	12,488,100	10,663,100
Spot radio	1,505,000	1,264,700
Outdoor	49,100	60,800
Network cable	1,652,100	1,588,200
Newspapers	—	—
Natl. synd.	60,200	194,000
Total	**$43,993,500**	**$42,413,600**

Marketing/brand management:
Sec/treas-merch mgr, Ed Lanctot
Agency: Home Products Marketing, Chicago (in-house)
Sales prom mgr, Harry Adams
Adv mgr, Gary Coppinger

36. ADVIL PAIN RELIEVER TABLETS AND CAPSULES

Whitehall Laboratories

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$40,457,400	$643,800
Spot tv	1,858,400	75,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	1,210,100	50,800
Newspapers	67,300	31,800
Natl. synd.	322,400	—
Total	**$43,915,600**	**$801,400**

Marketing/brand management:
Vp mktg, Andrew C. Davis
Grp prod mgr, Holly Crosbie-Foote
Sr prod mgrs, Bryan Pazaras, Candace Coberly
Prod mgrs, Mike Gemma, Nanske Smith
Adv dir, Steven Palmisano
Asst adv dir, Randal Knox
Parent: American Home Products Corp.
Agency: Young & Rubicam, N.Y.
Vp mgmt supr, Patrick Knisley
Acct supr, Paul Gundlach
Acct exec, Keith Geiselman, Simon Gerlin
Asst acct exec, Ritchey Banker
Sr vp media dir, Ira Tumpowsky
Vp media, Nalini Ravishankar
Media supr, Ted Conner

37. IBM PERSONAL SYSTEM/2 COMPUTERS

International Business Machines Corp.

	Media investments	
	1987	1986
Magazines	$12,364,400	—
Natl. Sun. mags.	—	—
Network tv	20,987,000	—
Spot tv	579,000	—
Network radio	3,724,400	—
Spot radio	255,500	—
Outdoor	600	—
Network cable	227,800	—
Newspapers*	3,577,000	—
Natl. synd.	37,800	—
Total	**$41,753,500**	—

*M&MD estimates

Marketing/brand management:
Dir adv, T.D. McGovern
Workstations/admin prods adv mgr, R.J. O'Leary
Agency: Under review
Hispanic Agency:
Hispania Advertising, N.Y.
Sr vp grp dir, Caroline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Acct execs, Crichton Adams, Ivan Pichardo
Media dir, Carlos Cintron

38. BUICK PASSENGER CARS

General Motors Corp.

	Media investments	
	1987	1986
Magazines	$ 7,672,400	$ 865,000
Natl. Sun. mags.	304,400	19,800
Network tv	18,008,500	8,170,900
Spot tv	8,889,300	1,315,900
Network radio	2,908,600	1,244,400
Spot radio	—	—
Outdoor	500	17,000
Network cable	472,900	357,500
Newspapers	3,290,500	2,239,800
Natl. synd.	—	—
Total	**$41,547,100**	**$14,230,300**

Marketing/brand management:
Gen mktg mgr, Darwin Clark
Gen dir adv, Jay Qualman
Gen dir div mktg, John Dabels
Vp gen mgr, E.H. Mertz
Gen sales & srvcs mgr, R.E. Coletta
Agency: McCann-Erickson, Troy, Mich.
Sr vp grp dir, Richard A. Hill
Vp acct suprs, James Moore, Glynn Armitage
Acct execs, Robert Cleary, John Holowaty, Robert Schneider, Jerry Fronczak
Sr vp media, W. Brien Schweikart
Vp assoc media dir, Helen Seligman

39. HYUNDAI DEALERS ASSOCIATION FRANCHISE

Hyundai Motor of America

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$36,042,300	$21,606,100
Network radio	—	—
Spot radio	4,802,400	—
Outdoor	—	—
Network cable	—	—
Newspapers	64,200	188,800
Natl. synd.	—	—
Total	**$40,908,900**	**$21,794,900**

Marketing/brand management:
Dir mktg, Jack Collins
Natl adv mgr, Joe Corey
Media dlr assoc mgr, Tom Meyers
Agency: Backer Spielvogel Bates, N.Y.
Sr vp mgmt supr, Jim SanFilippo
Vp acct dirs, Jim Cooper, Ron Rogginger, Larry Saunders, Mike Vidor

40. CBS TV NETWORK

CBS/Broadcast Group

	Media investments	
	1987	1986
Magazines	$29,314,800	$27,154,300
Natl. Sun. mags.	1,492,200	1,021,100
Network tv	—	—
Spot tv	52,800	40,300
Network radio	1,151,100	556,800
Spot radio	2,491,700	3,238,400
Outdoor	5,200	—
Network cable	172,100	43,700
Newspapers*	6,126,000	7,811,100
Natl. synd.	—	—
Total	**$40,805,900**	**$39,865,700**

*M&MD estimates

Marketing/brand management:
CBS TV Network, CBS News, CBS Sports, CBS Broadcast International:
Vp adv & prom, Michael Mischler
Vp adv & prom-East Coast, Bruce Weiner
Vp adv & prom-West Coast, Jerry Goldberg
Parent: CBS Inc.
Agency: Backer Spielvogel Bates, N.Y.
Exec vp mgmt supr, Dean Scaros
Vp mgmt supr, Tom Cotton
Sr vp grp media dir, Alain Zutter
Vp acct dir, Phyllies Wreagh (L.A.)

Kellogg's has four entries new to The Top 200.

41. MIDAS MUFFLER & BRAKE SHOPS

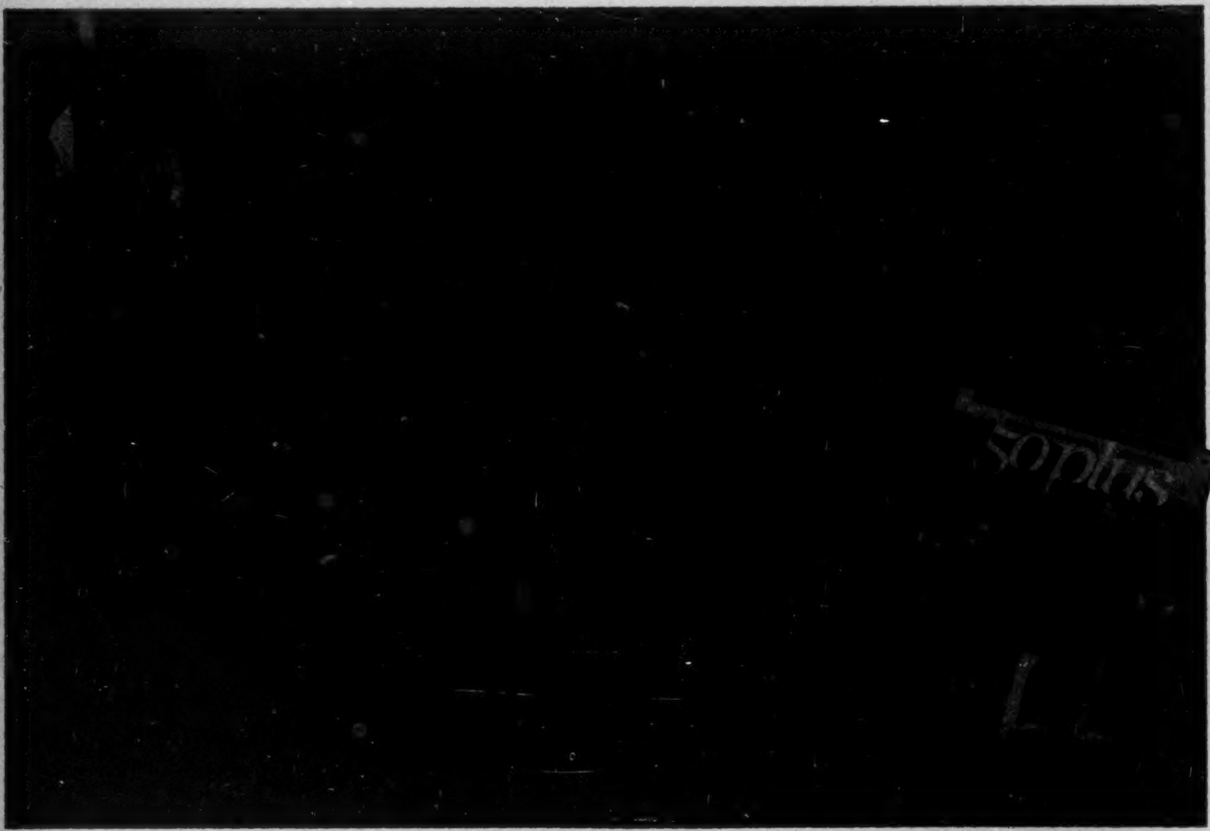
Midas International Corp.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$12,250,600	$15,265,400
Spot tv	21,680,200	20,808,400
Network radio	—	—
Spot radio	6,307,700	6,341,300
Outdoor	80,300	58,400
Network cable	—	—
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$40,318,800**	**$42,473,500**

Marketing/brand management:
Sr vp franchise oper & mktg, Russ Richards
Vp mktg, Ralph Linder
Adv mgr, Karen Greco
Adv srvc mgr, Dan Hull
Parent: IC Industries Inc.
Agency: Wells, Rich, Greene, Chicago
Pres acct grp dir, Larry Singer
Vp natl acct supr, Earl Arnold
Sr vp dir fld srvc, Stan Flaum
Sr vp media dir, Jill Cassorla
Assoc media dir, Constance MacTaggart

42. OLDSMOBILE DEALERS ASSOCIATIONS

	Media investments 1987	1986
Magazines	$ 17,200	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	37,145,700	$36,532,100
Network radio	—	—
Spot radio	7,300	201,200
Outdoor	36,300	—
Network cable	—	—
Newspapers	3,028,400	4,296,700
Natl. synd.	—	—
Total	**$40,234,900**	**$41,030,000**



Marketing/brand management:
Gen mgr, W. W. Lane
Gen sales & srvc mgr, D. E. Lahti
Gen mktg mgr, W. E. Christell
Dir field mktg, R. B. Jarboe
Mgr consumer adv, R. J. Billings
Adv mgr, G. W. Card
Parent: General Motors Corp.
Agencies: Various
Some 140 dealer associations nationwide are represented by about 80 agencies.

43. IBM CORP. GENERAL PROMOTION

International Business Machines Corp.

	Media investments	
	1987	1986
Magazines	$ 8,823,700	$ 6,827,600
Natl. Sun. mags.	270,500	508,500
Network tv	29,407,300	18,743,600
Spot tv	817,200	1,292,700
Network radio	172,800	249,400
Spot radio	180,200	1,674,100
Outdoor	8,900	—
Network cable	108,500	323,600
Newspapers	395,300	67,100
Natl. synd.	—	—
Total	**$40,184,400**	**$29,686,600**

Marketing/brand management:
Dir adv & prom, C. C. LaRoche
Dir adv & prom oper, J. F. King
Dir adv pgms, W. P. Barton
Mgr tv adv & prom, M. C. Gury
Mgr print adv, M. B. Gordon
Agency: Under review

44. ABC TV NETWORK

Capital Cities/ABC, Inc.

	Media investments	
	1987	1986
Magazines	$24,608,900	$24,134,700
Natl. Sun. mags.	855,000	494,000
Network tv	—	—
Spot tv	2,700	4,300
Network radio	6,000	255,900
Spot radio	9,182,500	7,588,400
Outdoor	32,500	10,400
Network cable	1,706,400	605,300
Newspapers*	3,437,000	6,693,700
Natl. synd.	—	—
Total	**$39,831,000**	**$39,786,700**

*MM&D estimates

Marketing/brand management:
Vp affiliate mktg srvcs, Pete Barrett (N.Y.)
Dirs adv, Jill Green, Eric Belcher (L.A.)
Vp creative adv, Mark Zakarin (L.A.)
Vp on-air prom, Stu Brower (L.A.)
Agencies: Bozell, Jacobs, Kenyon & Eckhardt, N.Y.
(News)
Vp mgmt, John Fenton
Vp, acct supr, Gordon Peterson
Sr vp media dir, Joel Kushins
Vp assoc media dir, Andrea Weinreb
Lois Pitts Gershon Pon/GGK, N.Y.
(Sports)
Gen mgr, John Tracosas
Acct supr, Andy Brief
Media dir, Tony O'Haire
Grey, New York
(Entertainment programing)
Exec vp media & prog, Alec Gerster
Exec vp, Donald Foley

45. NORTHWEST AIRLINES PASSENGER

NWA Inc.

	Media investments	
	1987	1986
Magazines	$ 7,404,500	$ 8,219,300
Natl. Sun. mags.	139,200	144,400
Network tv	17,108,200	938,300
Spot tv	2,648,400	3,313,200
Network radio	427,200	587,000
Spot radio	2,263,700	2,290,000
Outdoor	977,500	832,400
Network cable	894,700	115,500
Newspapers	7,177,900	4,432,000
Natl. synd.	28,000	67,100
Total	**$39,069,300**	**$20,939,200**

Marketing/brand management:
Exec vp mktg, A. B. Magary
Vp mktg programs, John W. Temple
Sr dir mktg comm, Judith E. Mitchell
Mgr consumer mktg comm, Randi Yoder
Agency: Saatchi & Saatchi DFS, N.Y.
Exec vp mgmt dir, Michael Keeshan
Sr vp mgmt suprs, Cody Dalton (N.Y.), Peter Levitan (Minneapolis)
Sr vp assoc media dir, Ira Weinblatt
Vp assoc media dir, Don Morrison
Media supr, Phil Moore

46. PONTIAC DEALERS ASSOCIATION FRANCHISE

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$38,179,200	$35,698,300
Network radio	—	—
Spot radio	160,300	419,600
Outdoor	17,000	46,500
Network cable	—	—
Newspapers	505,700	604,100
Natl. synd.	—	—
Total	**$38,862,200**	**$36,768,500**

Marketing/brand management:
Gen mgr, J. Michael Losh
Gen sales & srvc mgr, E. M. Schlesinger
Dir mktg, J. D. Murray
Natl & dealer adv, E. H. Smith
Dealer mktg grps mgrs: (East, South) L. K. Anderson, (Central, West) M. M. Dilworth
Parent: General Motors Corp.
Agencies: Various

47. COORS LIGHT BEER

Adolph Coors Co.

	Media investments	
	1987	1986
Magazines	$ 446,200	—
Natl. Sun. mags.	—	—
Network tv	23,100,600	$19,119,500
Spot tv	8,762,200	10,498,300
Network radio	—	—
Spot radio	3,165,800	2,300,700
Outdoor	593,900	309,500
Network cable	532,300	673,900
Newspapers	110,700	56,300
Natl. synd.	1,264,500	46,800
Total	**$37,976,200**	**$33,005,000**

Marketing/brand management:
Exec vp sales & mktg, Robert A. Recholtz
Vp brand mktg, Gary Naifeh
Brand dir, June Smith
Brand mgr, Bob McBride
Vp intl mktg devel, Rob Klugman
Agencies: Foote, Cone & Belding, Chicago
Sr vp grp acct dir, Bill Melzer
Sr vp acct dir, Dave Haan
Vp acct dir, Larry McIntosh
Acct dir, Pam Crowson-Brash

Acct execs, John Malkin, Patrick Conboy, Geoff Adaire, Malcom Campbell, Peter Curran
Sr vp media, Fred Wray
Vp grp media dir, Kent Vlautin
Media suprs, Mary Salmich, Judith Salas
GSD&M, Austin, TX
Chmn, Steve Gurasich
Sr vp, Chuck Grady
Dir Hispanic srvcs, Raoul Rodriguez
Corp & pub affairs dir, Hank Olguin
Vp assoc media dir, Tina Williamson

48. DIET PEPSI SOFT DRINK

PepsiCo

	Media investments 1987	1986
Magazines	—	$ 526,600
Natl. Sun. mags.	—	—
Network tv	$ 5,411,700	6,294,200
Spot tv	29,377,000	24,566,200
Network radio	—	—
Spot radio	2,081,600	2,320,300
Outdoor	56,600	44,100
Network cable	512,200	95,400
Newspapers	226,800	375,700
Natl. synd.	76,800	179,400
Total	**$37,742,700**	**$34,401,900**

Marketing/brand management:
Exec vp mktg & natl sales, Mike Lorelli
Vp mktg srvcs, John Moorhead
Adv mgr, Peter Foulds
Vp media, Rich Rock
Assoc media dir, Mary Ann Power
Agency: BBDO, New York
Sr vp mgmt rep, Bill Katz
Exec vp dir media srvcs, Arnie Semsky
Sr vp dir media plng srvcs, Mike Drake
Sr vp dir network tv & prog, Steve Grubbs
Sr vp assoc media dir, Ivan Becker
Vp acct supr, Andy Russem
Vp assoc network dir, Stu Shlossman
Media suprs, Rene Goldmuntz, Mary Ann Cunningham
Media plnr, Karen Rosner
Network buyer, Lisa McWalters
Hispanic agency: Siboney Advertising
Gen mgr, Roger Pisani
Vp acct supr, Carla Trum
Acct exec, Melissa Quinoy
Vp media dir, Meg Bernot
Media supr, Joe Pena

49. PAN AM AIRLINES PASSENGER SERVICE

Pan American World Airways Inc.

	Media investments 1987	1986
Magazines	$ 2,985,900	$ 3,230,700
Natl. Sun. mags.	442,200	453,100
Network tv	—	16,000
Spot tv	8,834,700	3,510,100
Network radio	—	—
Spot radio	2,273,000	1,941,500
Outdoor	881,400	918,000
Network cable	22,600	302,200
Newspapers	21,388,900	18,217,700
Natl. synd.	753,800	—
Total	**$37,582,500**	**$28,589,300**

Marketing/brand management:
Sr vp mktg, Peter McHugh
Gen mgr adv & mktg progs, John Bloodworth
US adv dir, Robert Morris
Dir intl adv, Randy Harmon
Agency: Wells, Rich, Greene, N.Y.
Exec vp, Andre van Strom
Exec vp mgmt supr (Pan Am Domestic), Eileen McKenna
Acct suprs, L. Farrand, B. Lazetera, C. Holmes, J. Carlson, A. DeFranco, Cheryl Fraser

50. CHEVROLET CORSICA

General Motors Corp.

	Media investments 1987	1986
Magazines	$ 8,102,800	—
Natl. Sun. mags.	2,135,000	—
Network tv	16,603,300	—
Spot tv	6,403,800	—
Network radio	—	—
Spot radio	—	—
Outdoor	4,700	—
Network cable	136,700	—
Newspapers	3,942,800	—
Natl. synd.	234,200	—
Total	**$37,563,300**	—

Marketing/brand management:
Mgr adv passenger cars, Danielle Colliver
Mktg mgr passenger cars, Steve D. McAvoy
Gen mktg mgr, Mike Erdman
Natl mktg mgr, passenger car merchandising, John C. Burrow
Agency: Lintas:Campbell-Ewald, Warren, MI
Sr vp grp dir, Jeffrey T. Seregny
Sr vp acct supr, Michael J. Ryan
Acct supr, David C. Scott
Acct exec, Paul L. Corona
Media dir, Louis M. Schultz
Sr vp assoc media dir, James T. Birchfield
Sr vp mgr, Barbara Munro

51. PONTIAC PASSENGER CARS

Pontiac Motor Division

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$20,169,200	$4,410,700
Spot tv	6,402,800	1,962,700
Network radio	1,718,900	131,700
Spot radio	—	—
Outdoor	32,600	89,700
Network cable	28,000	45,100
Newspapers	8,534,800	1,414,800
Natl. synd.	611,900	—
Total	**$37,498,200**	**$8,054,700**

The Index to the Top 200 is on page 50.

Marketing/brand management:
Gen mgr, J. Michael Losh
Gen sales & srvc mgr, E. M. Schlesinger
Dir mktg, J. D. Murray
Natl & dlr adv, E. H. Smith
Dir mktg grp mgrs, L. K. Anderson, M. M. Dilworth
Parent: General Motors Corp.
Agency: DMB&B, Bloomfield Hills, Mich.
Sr vp mgmt supr, Mark Gjovik
Acct mgr, Pat Brown
Acct suprs, Mike Valant, Art Pepin
Sr acct exec, Richard Halladay
Acct execs,Terry Reed, Bob Nicholls, Jim Holman, Steve Brown, Michael Talovich
Acct coor, Mary Murphy
Sr vp dir media srvcs, George Rogers
Vp media dir, Jim Gagen

52. FORD PASSENGER CARS

(multi-product ads)

Ford Motor Division

	Media investments	
	1987	1986
Magazines	$ 205,000	$ 1,283,700
Natl. Sun. mags.	—	—
Network tv	16,389,900	11,086,200
Spot tv	6,756,600	9,538,900
Network radio	79,600	—
Spot radio	163,500	434,200
Outdoor	465,800	372,600
Network cable	456,800	239,100
Newspapers	12,720,800	5,653,800
Natl. synd.	186,900	527,300
Total	**$37,424,900**	**$29,135,800**

Marketing/brand management:
Vp gen mgr, T.J. Wagner
Gen mktg mgr, P.M. Novell
Adv mgr, John Vanderzee
Car ad mgr, R. J. Gillooly
Dealer ad mgr, R.W. Lisenby
Media mgr, R.C. Halseth
Parent: Ford Motor Co.
Agency: J. Walter Thompson, Detroit
Exec vp gm, Peter Schweitzer
Sr vp mgmt dir, Chuck Balestrino
Sr vp crtv dir, Richard Howting
Sr vp dir mktg srvcs, Robert Gamble
Sr vp bdcst supr, Ron Fredrick
Media dir, Bob Reuschle
Vp car & truck grp media dir, Paul Hunt
Vp grp media dir (cars), Howard Spokes
Sr vp grp media dir net brdcst, Ron Frederick
Hispanic agency: Hispania Advertising, N.Y.
Sr vp grp dir, Carline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Acct execs, Crichton Adams, Ivan Pichardo
Media dir, Carlos Cintron
Black agency:
Burrell Advertising, Chicago
Sr vp grp dir, C. Curry
Acct supr, Robert Jackson
Sr vp media, Nick Howse
Assoc media dir, Zeline Kelly

53. DIET COKE SOFT DRINK

Coca-Cola USA

	Media investments	
	1987	1986
Magazines	$ 631,000	$ 189,800
Natl. Sun. mags.	—	—
Network tv	18,748,900	18,612,300
Spot tv	11,733,000	13,542,100
Network radio	56,400	—
Spot radio	1,923,400	1,675,000
Outdoor	54,400	65,700
Network cable	1,157,300	822,300
Newspapers	182,300	228,200
Natl. synd.	2,917,800	1,543,600
Total	**$37,404,500**	**$36,679,000**

Marketing/brand management:
Vp adv assoc dir mktg, Michael Beindorff
Grp brand mgr, Jayar Daily
Brand mgr, Jan Spring
Asst brand mgr, Theresa Irby
Mgr corp media, John M. Drollinger
Parent: Coca-Cola Co.
Agency: Lintas:New York
Exec vp, F. Stone Roberts
Sr vp mgmt supr, Donald Lenehan
Vp acct supr, Becky Broers
Acct exec, Roger Fishman
Sr vp mgr media plng, Dave Platt
Vp assoc media dir, Sharon Menking
Asst media dir, Lloyd Weber
Black agency: Burrell Advertising
Sr vp gm Sarah Burroughs
Vp acct exec, Neva Richardson
Vp media dir, Nick Howse
Media supr, Michelle Garner
Hispanic agency: Castor Spanish International

54. BARTLES & JAYMES WINE COOLER

E & J Gallo Winery

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$32,338,900	$26,582,600
Spot tv	1,092,300	3,759,600
Network radio	—	—
Spot radio	136,200	721,500
Outdoor	—	—
Network cable	76,900	27,200
Newspapers	101,900	82,500
Natl. synd.	3,440,000	156,100
Total	**$37,186,200**	**31,329,500**

Marketing/brand management:
Vp mktg, David Gallo
Vp brand mgmt, Gerry Glasgow
Sr brand mgr, Dick Haasnoot
Vp media dir, Sue McClelland
Dir corp comm, Dan Solomon
Parent: E. & J. Gallo Winery
Agency: Was Hal Riney & Partners, San Francisco until 12/87. New agency tba.

55. NUPRIN PAIN RELIEF FORMULA TABLETS

Bristol-Myers Co.

	Media investments	
	1987	1986
Magazines	$ 1,904,200	$ 4,887,600
Natl. Sun. mags.	40,700	55,300
Network tv	28,683,000	30,035,100
Spot tv	611,000	426,400
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	945,900	851,600
Newspapers	84,300	70,700
Natl. synd.	4,826,400	1,680,500
Total	**$37,095,500**	**$38,007,200**

Marketing/brand management:
Sr vp sales & mktg, Stephen Bear
Grp prod mgr, Patricia Kriger
Mktg dir, Beth Culligan
Agency: Grey, N.Y.
Exec vp, Herb Lieberman
Exec vp media & prog srvcs, Alec Gerster

56. DISCOVER CREDIT CARD SERVICE

Sears Roebuck & Co.

	Media investments	
	1987	1986
Magazines	$ 4,316,300	$ 7,022,700
Natl. Sun. mags.	—	—
Network tv	20,419,500	22,022,800
Spot tv	5,156,200	3,207,600
Network radio	4,885,800	2,568,900
Spot radio	10,000	285,000
Outdoor	52,700	67,900
Network cable	610,300	135,400
Newspapers	(No data)	(No data)
Natl. synd.	779,600	272,200
Total	**$36,230,400**	**$35,582,500**

Marketing/brand management:
Dir grp mktg, Nancy Donovan

First vp corp adv, Bill Walsh
Discover Card adv, Ernie Campo
Agencies: DDB Needham Worldwide, Chicago
Sr vp grp acct dir, Tom Hanft
Sr acct supr, Elaine Roach
Acct supr, Tony Priore
Acct exec, Kathy Kneip
Vp assoc media dir, Geoff McClelland
Media supr, Jeff Rezzuto
Vince Cullers Advertising
Pres crtv dir, Vince Cullers
Vp acct supr, George Boykin
Sr media dir, Jeff Cullers
Acct media dir, Steve Pickett

Fast-food entries fell from 14 in 1986 to 11 this year.

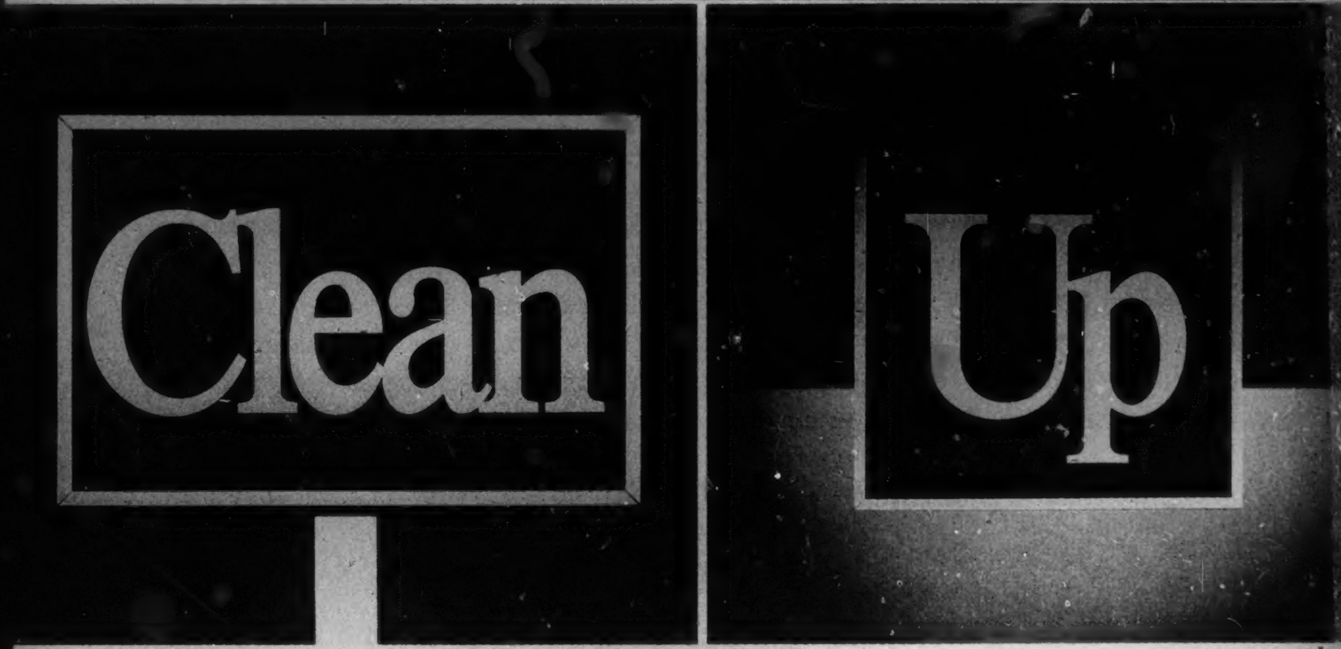
57. NBC TV NETWORK
National Broadcasting Co.

	Media investments 1987	Media investments 1986
Magazines	$25,264,600	$24,005,900
Natl. Sun. mags.	257,600	379,600
Network tv	—	—
Spot tv	6,900	200
Network radio	3,030,600	2,012,300
Spot radio	328,800	349,200
Outdoor	217,900	69,900
Network cable	86,900	21,200
Newspapers	6,987,800	8,093,600
Natl. synd.	—	—
Total	$36,181,100	$34,931,900

Marketing/brand management:
Vp adv & prom, John Miller (Burbank)
Vp media plng & prom srvcs, Paul Wang (Burbank)
Vp east coast adv, Tim Miller (N.Y.)
Dir media plng, Marla Goldstein (Burbank)
Parent: General Electric Co.
Agency: AC&R/DHB & Bess, L.A./N.Y.
Exec vp media, Cheryl Lodinger (N.Y.)
Sr vp mgmt supr, Vito Mandato (L.A.)
Media plnr, Cheryl Idell (L.A.)
Media buyer, Nicky Shapiro (L.A.)
Movies of the week & mini series:
Acct supr-crtv dir, Stephanie Iten (L.A.)

58. AT&T INTERNATIONAL LONG DISTANCE SERVICE
American Telephone & Telegraph Co.

	Media investments 1987	Media investments 1986
Magazines	$14,823,400	$15,176,400
Natl. Sun. mags.	738,200	824,400
Network tv	—	2,090,200
Spot tv	13,404,300	17,140,300
Network radio	3,214,900	623,600
Spot radio	—	—



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Outdoor	—	—
Network cable	320,100	879,900
Newspapers*	3,330,500	4,349,100
Natl. synd.	35,600	36,900
Total	**$35,867,000**	**$41,120,800**

*M&MD estimates

Marketing/brand management:
Adv dir, K. M. Armstrong
Div mgr-intl, Jackie Woodall
District mgr-intl, Jennifer McVea
Dir-intl mktg, Rod Sturm
Agency: Young & Rubicam, N.Y.
Exec vp grp dir, M. Lowenstein
Sr vp mgmt supr, Barbara Jack
Vp mgmt supr, Jonas Wagner
Hispanic Agency: Bermudez Associates
Sr acct exec, Ava Overstreet

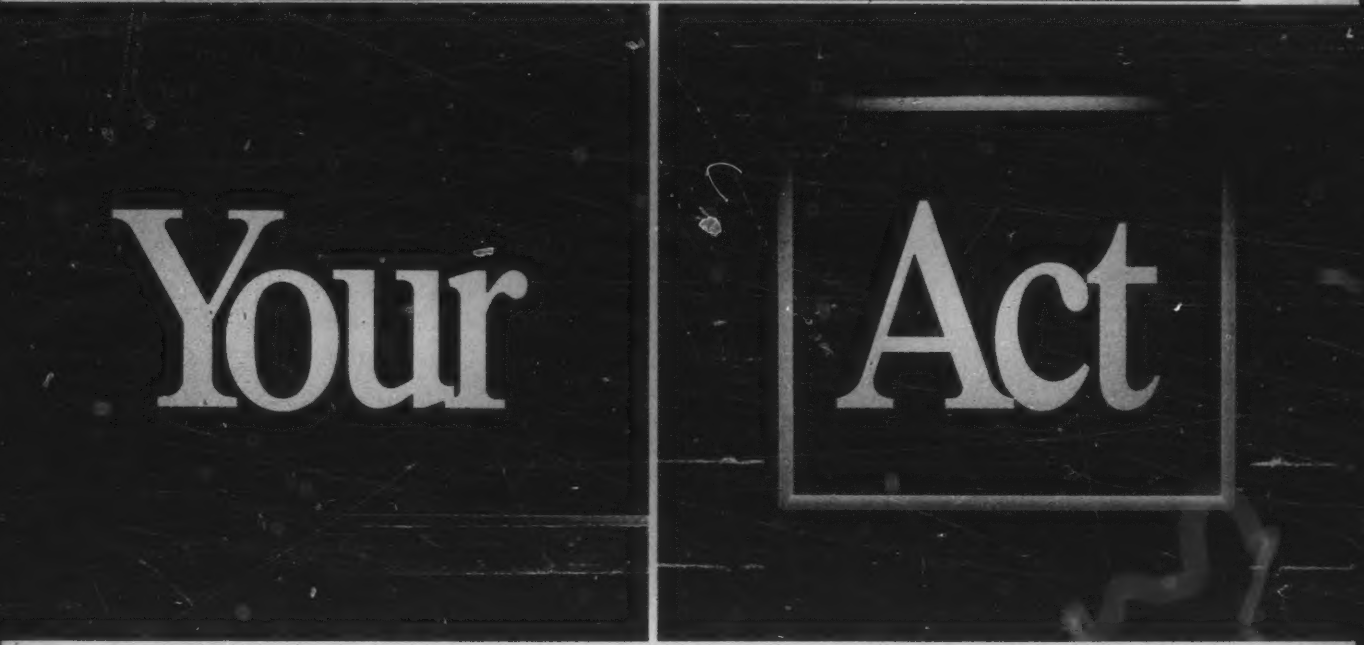
59. SEARS MISCELLANEOUS BRANDS

Sears Roebuck & Co.

	Media investments 1987	1986
Magazines	$ 1,467,200	$ 934,500
Natl. Sun. mags.	1,010,500	179,100
Network tv	4,376,800	18,356,600
Spot tv	7,917,000	8,389,900
Network radio	12,458,900	9,711,000
Spot radio	8,190,800	11,702,900
Outdoor	289,200	120,800
Network cable	87,500	206,100
Newspapers	no data	no data
Natl. synd.	—	128,900
Total	**$35,797,900**	**$49,729,800**

Marketing/brand management:
Mgr admin & oper, William Cora
Natl retail adv mgr, S. Scott Harding
Natl adv srvc mgr, Celeste Gosman
Mgr natl media srvc, Bernie Miller
Mgr bdcst oper, Barbara Drier
Vp mktg, Thomas Morris
Retail mktg mgr, Donald Holmes
Natl catalog adv mgr, Ronald Ramseyer

Agencies: Ogilvy & Mather, Chicago
(retail and catalog advertising, network tv, network radio, spot tv and spot radio)
Exec vp-Pres (Chicago), Bill Whitney
Sr vp mging dir, Wim Slootweg
Sr vp gen mgr, Bruce Beach
Sr vp client srvc dir, Al Mager
Vp-mgmt suprs, Dan Delaney, Bruce Jas[illegible]da,
Acct suprs, Jeff Totaro, Paula Serios, Ole Riise, Brian Kelly, Ann Sundet
Sr vp, media dir, Tom Bell
Dir local brdcst, Jacque O'Connor
Dir natl brdcst, Kay Durkin
Vp assoc media dir, Marilyn Kelly
Media suprs, Dave Rasmussen, Dave Flockencier
Media plnrs, Roman Martens, Jill Lamgan, Lori Segal
Asst plnrs, JoAnn Farrington, Vicki Brummond, Robin Sprague



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3M

Hispania Advertising Inc., N.Y.
Sr vp grp dir, Caroline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Acct execs, Crichton Adams, Ivan Pichardo
Media dir, Carlos Cintron
Vince Cullers Advertising, Chicago
Acct supr, George Boykin
Acct exec, Steve Pickett
Sr vp media dir, Jeff Cullers
Media dir, Ed Renno

60. COCA-COLA CLASSIC
Coca-Cola USA

	Media investments 1987	1986
Magazines	$ 323,300	$ 196,000
Natl. Sun. mags.	—	—
Network tv	15,743,600	6,626,400
Spot tv	13,302,600	11,931,600
Network radio	390,900	4,500
Spot radio	2,067,900	472,500
Outdoor	69,500	204,900
Network cable	1,380,500	805,000
Newspapers	(No data)	(No data)
Natl. synd.	2,377,000	919,800
Total	**$35,655,300**	**$21,160,700**

Marketing/brand management:
Vp adv assoc dir mktg, Michael Beindorff
Grp mktg dir, Jayar Daily
Brand mgr, Mike French
Assoc brand mgr, Nancy Gibson
Dir consumer research, Jerry Payne
Vp black & Hispanic mktg, Chuck Morrison
Dir mktg srvcs, Ken Craft
Vp corp media dir, Willian H. Lynn
Mgr corp media, John M. Drollinger
Agency: McCann-Erickson, N.Y.
Exec vp gen mgr, John Dooner
Exec vp dep gen mgr, Gene O'Sullivan
Vp acct supr, Bill Grogan
Acct execs: Nancy Bamberger, Kristine Swanson
Exec vp worldwide media srvcs, Gordon Link
Exec vp natl media dir, Ira Carlin
Sr vp plng mgr, George Hayes
Vp assoc media dir, Kevin Mannion
Vp media grp head, Ray Moorehead
Vp worldwide coor, Ron Hatcher
Media plnr, Robert Patton
Worldwide coors: Bill Van Ingen, Liz Samurovich

> **Coke Classic's spending jumped 69% in 1987.**

Black agency: Burrell Advertising
Sr vp gm, Sarah Burroughs
Vp acct supr, Neva Richardson
Vp media dir, Nick Howse
Media supr, Michelle Garner
Hispanic agency: Castor Spanish International
Pres, Castor Fernandez
Acct exec, Larry Galindo

61. TOYOTA COMPACT TRUCKS
Toyota Motor Corp.

	Media investments 1987	1986
Magazines	$ 3,188,600	$ 2,337,900
Natl. Sun. mags.	—	286,400
Network tv	11,297,900	11,005,800
Spot tv	16,709,100	29,668,600
Network radio	—	—
Spot radio*	893,400	2,049,600
Outdoor	615,600	615,300
Network cable	810,600	2,030,600
Newspapers	1,243,800	3,214,100
Natl. synd.	749,100	105,600
Total	**$35,508,100**	**$51,313,900**

*M&MD estimates

Marketing/brand management:
Corp mktg mgr, George Borst
Natl adv mgr, David Danzer
Adv mgr trucks, Don Cecconi
Adv admin-trucks, Mark Gelfond
Agency: Saatchi & Saatchi DFS, Torrance, Calif.
Exec vp mgmt dir, Joe Cronin
Sr vp grp acct supr, David Doyle
Acct execs, Cory Basso, Andy Block
Sr vp dir media oper, Richard Weigand
Sr vp media dir, Nora Lapham
Assoc media dir, Katherine Jaris

62. MEDIPREN PAIN RELIEVER TABLETS & CAPLETS
McNeil Consumer Products

	Media investments 1987	1986
Magazines	$ 549,600	—
Natl. Sun. mags.	—	—
Network tv	30,275,000	$10,523,200
Spot tv	1,145,700	271,800
Network radio	—	—
Spot radio	—	779,700
Outdoor	—	—
Network cable	890,600	492,300
Newspapers	101,700	—
Natl. synd.	2,524,400	130,200
Total	**$35,487,000**	**$12,197,200**

Marketing/brand management:
Pres, Chandler D. Simonds
Dir of prod mgmt, James T. Lenehan
Grp prod dir, William A. Slivka
Prod dir, Carole J. Kahrs
Asst prod dirs, Tracy S. Marsh, Dairine M. Walsh
Parent: Johnson & Johnson
Agency: Lowe Marschalk, N.Y.
Sr vp mgmt supr, Tom Kuhn
Vp acct supr, Rob Petersen
Acct exec, Catta Morris
Asst acct exec, Linda Seymour
Exec vp media dir, Stephen M. Segal
Assoc media dir, Frank Holland
Media supr, Ikuo Komae
Sr media plnr, Julie Zuckerman

63. HALLMARK CARDS
Hallmark Cards, Inc.

	Media investments 1987	1986
Magazines	$ 250,000	$ 363,800
Natl. Sun. mags.	—	—
Network tv	24,523,100	18,406,500
Spot tv	465,300	1,372,700
Network radio	—	—
Spot radio	2,425,600	255,100
Outdoor	1,200	—
Network cable	34,500	—
Newspapers	7,516,400	1,470,200
Natl. synd.	214,500	1,447,500
Total	**$35,430,600**	**$23,315,800**

Marketing/brand management:
Grp vp-Hallmark brand, Tom Johnston
Vp Hallmark greeting-card prods,

Homer Evans
Vp specialty prods, Buddy Jones
Vp adv & prom, Brad Moore
Mgr natl & retail adv, Ira Stolzer
Agency: Ogilvy & Mather, N.Y.
Sr vp grp dir, Mike Vaughn
Sr vp mgmt supr, Linda Cornelius
Acct supr, Harold Sogard
Sr vp assoc media dir, Ray Simko
Vp asst media dir, Beth LeMasurier

64. MILK INDUSTRY PROMOTION

American Dairy Association

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$23,129,900	$ 28,689,200
Spot tv	7,831,900	8,013,800
Network radio	—	—
Spot radio	1,695,000	3,213,200
Outdoor	223,900	41,100
Network cable	915,200	242,500
Newspapers*	11,800	194,500
Natl. synd.	806,600	187,100
Total	**$34,614,300**	**$40,581,400**

*M&MD estimates

Marketing/brand management:
Sr vp adv & mktg srvcs, United Dairy Industry Association, and pres, American Dairy Association, Joseph B. Kelsch
Vp mktg plng, Stephen A. Dohrmann
Vp mktg srvcs, Grover B. Simpson
Dir adv srvcs, Donna A. Arcus
Mgr merchandising progs, Larry A. Grunkemeyer
Parent: United Dairy Industry Association
Agency: D'Arcy Masius Benton & Bowles, Chicago
Sr vp grp acct dir, Ben Bishop
Sr vps mgmt suprs, Bob Meuser, Mike Leonhart
Acct supr, Andrea Dichter
Sr vp dir media srvcs, Joe Zeller
Vp assoc media dir, Willard L. Hemsworth

65. FRANKLIN MINT COLLECTION

The Franklin Mint

	Media investments 1987	1986
Magazines	$11,510,200	$ 6,277,500
Natl. Sun. mags.	4,868,900	2,458,900
Network tv	—	3,200
Spot tv	3,327,300	1,986,200
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	1,152,700	1,278,600
Newspapers	12,512,500	7,297,900
Natl. synd.	166,800	—
Total	**$33,538,400**	**$19,302,300**

Marketing/brand management:
Vp mktg, Thomas Durovsik
Vp female collectibles, Dolores Dinyon
Vp male collectibles, Arthur Johnson
Parent: American Protection Industries
Agency: In-house
Vp media, Alan Beer

66. NISSAN PASSENGER CARS

Nissan Motors Co.

	Media investments 1987	1986
Magazines	$ 285,900	—
Natl. Sun. mags.	—	—
Network tv	12,365,800	—
Spot tv	14,388,500	$2,187,000
Network radio	544,000	—
Spot radio	423,500	606,700
Outdoor	108,800	84,400
Network cable	60,600	1,100
Newspapers	4,845,100	2,644,100
Natl. synd.	230,000	—
Total	**$33,252,200**	**$5,523,300**

Marketing/brand management:
Dir adv, Joe Opre
Media plng mgr, Susan Furedi
Agency: Chiat/Day, L.A.
Sr vp grp dir, Tom Patty
Media dir, Hank Antosz

67. KODAK FILM

Eastman Kodak Co.

	Media investments 1987	1986
Magazines	$ 5,386,500	$ 5,382,300
Natl. Sun. mags.	485,100	316,700
Network tv	21,454,600	18,217,500
Spot tv	1,578,300	2,317,800
Network radio	333,000	—
Spot radio	394,700	464,900
Outdoor	588,400	824,400
Network cable	907,900	838,100
Newspapers	1,071,000	805,600
Natl. synd.	948,500	1,719,600
Total	**$33,148,000**	**$30,886,900**

Marketing/brand management:
Vp gen mgr (consumer prod div), Peter Palermo
Vp gen mgr (consumer prod div), Jack Powers
Div vp dir mktg comm srvcs, Richard S. Bartlett
Dir worldwide mktg comm, James Gallery
Dir mktg comm & support srvcs, Bruce Wilson
Mktg comm dir (film prod), Gregory T. Walker
Agency: J. Walter Thompson, N.Y.
Sr vp worldwide mgmt dir, Jerry Gotlieb
Vp acct dir, Mitchell Brooks
Vp sr acct supr (intl), Ernie Emerling
Vp sr acct supr, Rich O'Leary
Acct suprs, Jeff Bodenmann, Susan Pisello
Exec vp U.S. dir media, Richard Kostyra
Sr vp dir media plng, John Gray
Sr vp dir ntwk neg, John Sisk
Vp assoc media dirs, Emily Swartzentruber (plng), Gwyn Kaufman (neg)
Vp media supr, Vicky Roschen
Media supr, Letty Kuhnlein
Media plnr, Emily Ayres

68. COORS BEER

Adolph Coors Co.

	Media investments 1987	1986
Magazines	$ 423,000	$ 182,800
Natl. Sun. mags.	—	—
Network tv	16,844,000	20,471,900
Spot tv	6,196,500	13,997,900
Network radio	8,400	—
Spot radio	5,709,000	4,528,300
Outdoor	1,735,900	510,500
Network cable	665,800	832,100
Newspapers	1,314,600	1,094,900
Natl. synd.	215,900	44,200
Total	**$33,113,100**	**$41,662,600**

Marketing/brand management:
Exec vp sales & mktg, Robert A. Recholtz
Vp brand mktg, Gary Naifeh
Brand dir, Bob Fox
Brand mgr, Gary Skovsted
Vp intl mktg devel, Rob Klugman
GSD&M, Austin, TX
Chmn, Steve Gurasich
Sr vp, Chuck Grady
Dir Hispanic srvcs, Raoul Rodriguez
Corp & pub affairs dir, Hank Olguin
Vp assoc media dir, Tina Williamson
Black agency: UniWorld, N.Y.
Chmn ceo, Byron Lewis
Pres dir acct srvcs, Herb Kemp
Acct supr, Ron Campbell

69. GENERAL MOTORS PARTS AND SERVICES

General Motors Corp.

	Media investments 1987	1986
Magazines	$12,404,000	$ 9,921,600
Natl. Sun. mags.	572,700	505,600
Network tv	13,889,500	11,600,100
Spot tv	184,600	289,300
Network radio	4,529,500	1,136,200
Spot radio	—	—
Outdoor	2,600	500
Network cable	55,000	29,700
Newspapers	785,800	783,600
Natl. synd.	594,600	223,400
Total	**$33,018,300**	**$24,490,000**

Marketing/brand management:
Gen dir sales & mktg, Richard Sherman
Mktg dir, C.S. Wagner
Adv mgr GM dealers, K.F. Robinson
Agency: D'Arcy Masius Benton & Bowles, Detroit
Exec vp mgmt supr, Ted Teegarden
Vp grp acct supr, Chuck Brandt
Vp acct supr, Scott Hayes
Acct execs, Cheryl Morgan, Suzanne Doyle, Barb Resnicoff
Sr vp dir media srvcs, George Rogers
Vp grp media dir, Marty Choinski

70. MICHELOB LIGHT BEER

Anheuser-Busch Inc.

	Media investments 1987	1986
Magazines	$ 134,500	$ 2,663,300
Natl. Sun. mags.	—	—
Network tv	24,003,900	18,223,500
Spot tv	3,033,100	7,518,700
Network radio	2,065,100	705,300
Spot radio	502,200	949,600
Outdoor	59,900	190,500
Network cable	2,194,300	2,646,600
Newspapers	32,500	45,100
Natl. synd.	702,100	—
Total	**$32,727,600**	**$32,942,600**

Marketing/brand management:
Exec vp dir mktg, Michael J. Roarty
Vp brand mgmt, Jack MacDonough
Vp corp media/sports mktg, Charles B. Fruit
Grp mktg mgr, Robert Goughenour
Prod mgr, Ann T. O'Toole
Agency: DDB/Needham Worldwide, Chicago
Acct supr, Senn Moses
Acct exec, Tony Sciolla
Asst acct exec, Scott Rabschnuck
Sr vp-mgmt rep, Don Richards
Sr vp-grp acct dir, John Greening
Vp-assoc media dir, Geoffrey McClelland
Media supr, Matt Langan
Media plnrs, Kristin Keramidas, Sherie Fedak
Hispanic Agency: Castor Spanish International

71. POST GRAPE NUTS CEREAL

General Foods Corp.

	Media investments 1987	1986
Magazines	$ 2,730,000	$ 2,824,300
Natl. Sun. mags.	—	—
Network tv	19,643,700	12,110,800
Spot tv	5,140,900	5,021,700
Network radio	300	—
Spot radio	—	66,300
Outdoor	—	—
Network cable	1,167,700	543,400
Newspapers	2,100	no data
Natl. synd.	3,820,700	1,609,400
Total	**$32,505,400**	**$22,175,900**

Marketing/brand management:
Post Cereals Division:
Grp vp-gm, William H. Korab
Mktg mgr, David Vermylen
Dir Development, Rich DeSantis
Prod grp mgr, B.J. Katen-Narvell
Dir media srvcs, David K. Braun
Assoc dir media srvcs, Don J. Miceli
Parent: Philip Morris Cos.
Agency: Grey, New York
Exec vp, Jack Frantz
Exec vp media & prog srvcs, Alec Gerster

72. CHEVROLET BERETTA

General Motors Corp.

	Media investments 1987	1986
Magazines	$11,459,900	—
Natl. Sun. mags.	45,400	—
Network tv	14,634,900	—
Spot tv	3,683,000	—
Network radio	—	—
Spot radio	—	—
Outdoor	767,700	—
Network cable	618,400	—
Newspapers	723,100	—
Natl. synd.	266,600	—
Total	**$32,199,000**	—

Marketing/brand management:
Mgr adv-passenger cars, Danielle Colliver
Mktg mgr-passenger cars, Steve McAvoy
Gen mktg mgr, Mike Erdman
Natl mktg mgr-passenger car merchandising, John Burrow
Agency: Lintas:Campbell-Ewald
Sr vp grp dir, Jeffrey T. Seregny
Sr vp acct supr, Michael J. Ryan
Acct supr, David C. Scott
Acct exec, Paul L. Corona
Exec vp media dir, Louis M. Schultz
Sr vp assoc media dir, James T. Birchfield
Sr vp mgr, Barbara Munro

Carnival cruised its way into The Top 200 with $22.6 million in ad expenditures.

73. ACURA LEGEND

Acura Automobile Division

	Media investments	
	1987	1986
Magazines	$10,948,300	$4,509,000
Natl. Sun. mags.	—	—
Network tv	16,517,000	1,054,200
Spot tv	2,177,200	3,697,100
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	495,900	66,800
Newspapers*	2,018,700	648,200
Natl. synd.	—	—
Total	**$32,157,100**	**$9,975,300**

*M&MD estimates

Marketing/brand management:
Sr vp oper, Tom Elliott
Vp sales, Ed Taylor
Sr mgr-automobile adv, Eric Conn
Parent: American Honda Motor Co.
Agency: Ketchum Advertising, L.A.
Pres, Craig Mathiesen
Acct supr, Ron Buckhammer
Media dir, Cherie Crane

74. MAZDA DEALERS ASSOCIATION FRANCHISE

Mazda Motors of America

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$29,178,300	$22,313,300
Network radio	—	—
Spot radio	263,700	6,800
Outdoor	—	—
Network cable	2,700	—
Newspapers	2,519,000	345,500
Natl. synd.	—	—
Total	**$31,963,700**	**$22,665,600**

Marketing/brand management:
Sr vp gen mgr (MMA-Central), R. E. Hayden
Grp vp sales, R. Colliver
Vp mktg, Duane Bowen
Vp mktg srvcs, R. Parker
Sr vp gen mgr (MMA-East), Jim Trado
Vp mktg & sales, J. Wiesner
Vp regional oper, G. McCabe
Agency: Foote, Cone & Belding, Santa Ana, Calif.
Exec vp gen mgr, Welton Mansfield
Vp media dir, Robert MacDonald

75. POLAROID SPECTRA SYSTEM

Polaroid Corp.

(Includes cameras & film)

	Media investments	
	1987	1986
Magazines	$ 5,401,100	$ 5,556,200
Natl. Sun. mags.	311,700	60,900
Network tv	21,285,300	18,439,400
Spot tv	1,047,400	305,600
Network radio	993,300	—
Spot radio	189,500	181,000
Outdoor	—	18,000
Network cable	348,200	5,400
Newspapers*	1,514,400	1,603,700
Natl. synd.	747,800	226,900
Total	**$31,838,700**	**26,397,100**

*M&MD estimates

Marketing/brand management:
Dir N. Amer adv, Gary Moss
Grp vp worldwide mktg, Joseph McLaughlin
Grp vp consumer photo, William O'Neill
Adv mgr, Peter Michaelson
Adv mgr, Diane Coron
Agency: BBDO, N.Y.
Exec vp sr mgmt rep, Gary De Paulo
Sr vp mgmt supr, Lonny Strum
Vp acct supr, Glen Gilbert
Acct exec, Liz Kelly
Exec vp media svces, Arnie Semsky
Sr vp media plng, Mike Drake
Sr vp natl tv buying, Steve Grubbs
Vp assoc media dir, Michael Bienstock
Vp media supr, John Barry
Media plnr, Linda Jew
Network tv buyer, Judy Kenny
Minority Agencies:
Burrell Advertising, Chicago
Sr vp grp dir, Linda Pharr
Vp acct supr, Jasper Tanner
Sr vp media, Nick Howse
Conill Advertising, Inc., N.Y.

76. HONDA DEALERS ASSOCIATION FRANCHISE

American Honda Motor Co.

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$30,272,900	$19,222,900
Network radio	—	—
Spot Radio	145,300	30,200
Outdoor	—	900
Network cable	—	—
Newspapers	868,300	625,800
Natl. synd.	—	—
Total	**$31,286,500**	**$19,879,800**

Marketing/brand management:
Sr vp auto sales oper., Tom Elliott
Sr mgr auto adv, Eric Conn
Asst mgrs auto adv, Mike Dillon, Bill Young
Exec vp, K. Amemiya
Agencies: Various

77. WRIGLEY'S DOUBLEMINT GUM

Wm. Wrigley Jr. Co.

	Media investments	
	1987	1986
Magazines	$ 1,118,500	—
Natl. Sun. mags.	—	—
Network tv	14,085,700	$26,411,400
Spot tv	8,037,900	12,897,200
Network radio	3,977,800	4,175,400
Spot radio	180,500	—
Outdoor	20,700	—
Network cable	1,873,400	3,130,600
Newspapers	—	—
Natl. synd.	1,858,600	617,400
Total	**$31,153,100**	**$47,232,000**

Marketing/brand management:
Exec vp mktg, Ronald O. Cox
Mktg dir, Gary Bebee
Mktg mgr, Ron Boyum
Agency: BBDO, Chicago
Sr vp mgmt supr, Tonise Hayden
Acct supr, Lauren Abbe
Sr acct exec, Kathi Hudson
Sr vp media dir, Robert Garrison
Vp dir of plng, Kathy Segal
Vp assoc media dir, Nancy Swiet

78. HONDA CIVIC

American Honda Motor Co.

Media investments	1987	1986
Magazines	$ 7,775,300	$ 5,638,400
Natl. Sun. mags.	—	30,400
Network tv	15,390,700	19,026,000
Spot tv	4,103,200	4,563,800
Network radio	1,324,400	1,239,500
Spot radio*	1,020,600	910,300
Outdoor	400	300
Network cable	927,100	1,202,600
Newspapers*	546,500	680,800
Natl. synd.	—	—
Total	**$31,088,200**	**$33,292,100**

*M&MD estimates

Marketing/brand management:
Sr vp auto sales oper, Tom Elliott
Sr mgr auto adv, Eric Conn
Asst mgrs auto adv, Mike Dillon, Bill Young
Exec vp, K. Amemiya
Agency: Rubin Postaer & Associates, L.A.
Sr vp grp acct dir, William C. Hagelstein
Vp acct dir, Chuck Valentine
Vp acct suprs, Julie Boston, Joan Egan
Acct supr, Ron MacMillan
Sr vp media dir, Tom Somerset
Vp assoc media dirs, Kate Knox, Stanley Botello

79. SEARS ROEBUCK & COMPANY GENERAL PROMOTION

Sears Roebuck & Co.

Media investments	1987	1986
Magazines	$ 150,700	$ 1,639,200
Natl. Sun. mags.	—	—
Network tv	12,382,900	1,170,000
Spot tv	2,023,900	974,200
Network radio	2,723,000	1,696,500
Spot radio*	11,389,800	10,331,800
Outdoor	2,100	400
Network cable	282,900	201,000
Newspapers	(No data)	(No data)
Natl. synd.	2,005,400	—
Total	**$30,980,700**	**$16,013,100**

Marketing/brand management:
Mgr admin & oper, William Cora
Natl retail adv mgr, S. Scott Harding
Natl adv srvc mgr, Celeste Gosman
Mgr natl media srvc, Bernie Miller
Mgr bdcst oper, Barbara Drier
Vp mktg, Thomas Morris
Retail mktg mgr, Donald Holmes
Natl catalog ad mgr, Ronald Ramseyer
Agencies: Ogilvy & Mather, Chicago
Exec vp-Pres (Chicago), Bill Whtiney
Sr vp mging dir, Wim Slootweg
Sr vp gen mgr, Bruce Beach
Sr vp client srvc dir, Al Mager
Vp mgmt suprs, Dan Delaney, Bruce Jasurda
Acct suprs, Jeff Totaro, Paula Serios, Ole Riise, Brian Kelly
Ann Sundet
Sr vp media dir, Tom Bell
Dir local bdcst, Jacque O'Connor
Dir natl bdcst, Kay Durkin
Vp assoc media dir, Marilyn Kelly
Media suprs, Dave Flockencier, Dave Rasmussen
Media plnrs, Roman Martens, Lori Segal, Jill Lamgan
Asst plnrs, JoAnn Farrington, Vicki Brummond, Robin Sprague
Hispania Advertising, Inc., N.Y.
Sr vp grp dir, Caroline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Acct execs, Crichton Adams, Ivan Pichardo
Media dir, Carlos Cintron
New business, Ivan Pichardo
Vince Cullers Advertising, Chicago
Acct supr, George Boykin
Acct exec, Steve Pickett
Sr vp media dir, Jeff Cullers
Media dir, Ed Renno

80. DE BEERS DIAMONDS

De Beers Con. Mines

Media investments	1987	1986
Magazines	$20,090,000	$16,842,500
Natl. Sun. mags.	—	41,900
Network tv	10,628,600	9,686,600
Spot tv	162,500	486,600
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	35,600	15,700
Newspapers	—	—
Natl. synd.	—	—
Total	**$30,916,700**	**$27,073,300**

Marketing/brand management:
Dir consumer adv div, Jeremy Pudney
Reg mgr-Americas, Peter Maddick
Mkt cntlrs, Stephen Lussier, Nicholas Graham Smith
Agency: NW Ayer, N.Y.
Exec vp mging dir acct srvcs, Chuck Meding
Sr vp mgmt supr, Judy Laughren
Vp acct supr, Marc Capra
Sr vp grp media dir, David Lehmkuhl
Vp assoc media dir, Jean Connolly
Media supr, Barbara Spurza

81. BUSCH BEER

Anheuser-Busch, Inc.

Media investments	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$15,861,200	$15,145,600
Spot tv	8,463,500	10,016,500
Network radio	—	—
Spot radio	3,469,200	1,933,100
Outdoor	1,665,100	1,504,300
Network cable	1,214,100	661,300
Newspapers	181,200	268,600
Natl. synd.	—	—
Total	**$30,854,300**	**$29,529,400**

Marketing/brand management:
Exec vp mktg, Michael J. Roarty
Vp brand mgmt, Jack MacDonough
Vp corp media/sports mktg, Charles B. Fruit
Grp brand dir, Bob Mer[illegible]
Sr brand mgr, Mike Owens
Prod mgr, Mike LaBroad
Agency: DDB/Needham Worldwide, Chicago
Mgmt rep, Bob Lachky
Acct supr, Bill Syrett
Acct exec, Michael Holsinger
Asst acct exec, Sue Zuckert
Castor Spanish Intl.

Three entries cleaned up in the diaper industry.

82. UNITED PARCEL AIR FREIGHT SERVICE

United Parcel Service of America

	Media investments 1987	Media investments 1986
Magazines	$ 3,162,800	$ 1,499,900
Natl. Sun. mags.	—	—
Network tv	21,538,800	3,282,000
Spot tv	4,452,600	8,270,800
Network radio	—	—
Spot radio	14,500	—
Outdoor	—	—
Network cable	700,300	864,600
Newspapers	928,500	21,600
Natl. synd.	—	—
Total	**$30,797,500**	**13,983,900**

Marketing/brand management:
Sr vp bus development, John Alden
Cust. comm & adv mgr, Peter Fredo
Adv mgr, Mike Tobin
Agency: Ammirati & Puris, N.Y.
Sr vp grp dir, Mary Herrmann
Vp mgmt supr, Stephen Gardner
Acct supr, Chris Boak
Acct coor, Peter Fekula
Sr vp media, Steve Farella
Assoc media dir, Mae Ling
Asst media dir, Kevin Porter
Media plnr, Mike Pieczyski

83. LONG JOHN SILVER'S RESTAURANTS

Jerrico Inc.

	Media investments 1987	Media investments 1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$ 4,663,600	$ 2,491,500
Spot tv	24,766,400	26,577,300
Network radio	—	—
Spot radio	105,100	182,600
Outdoor	56,400	240,500
Network cable	463,600	139,400
Newspapers	(No data)	(No data)
Natl. synd.	13,000	—
Total	**$30,068,100**	**$29,631,300**

Marketing/brand management:
Exec vp & chf mktg officer, Bob McDevitt
Prod mktg dir, Mike Kupstas
Vp fld mktg, Lee F. Hardy
Agency: Abbott Advertising, Lexington, Ky. (in-house)
Vp gen mgr, David M. Miller

84. DURACELL BATTERIES

Duracell, Inc.

	Media investments 1987	Media investments 1986
Magazines	$ 1,477,100	$ 1,899,200
Natl. Sun. mags.	469,300	294,900
Network tv	23,760,400	23,764,900
Spot tv	1,618,000	1,719,700
Network radio	4,000	1,799,900
Spot radio	—	—
Outdoor	—	400
Network cable	623,700	52,500
Newspapers	258,000	497,900
Natl. synd.	1,798,600	360,100
Total	**$30,009,100**	**$30,389,500**

Marketing/brand management:
Vp mktg, Charles Kiernan
Consumer grp prod mgr, Robert Giacolone
Specialty grp prod mgr, Mark Lucas
Agency: Ogilvy & Mather, N.Y.
Sr vp grp dir, Jack Reed
Sr vp assoc media dir, Mark Rice
Vp mgmt supr, Kathy Moriarty
Vp asst media dir, Lisa Gallant

85. TV GUIDE CIRCULATION

Triangle Publications

	Media investments 1987	Media investments 1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$ 23,000	$2,336,600
Spot tv	22,671,800	24,006,400
Network radio	4,675,700	6,017,400
Spot radio	126,800	97,100
Outdoor	—	—
Network cable	737,400	947,300
Newspapers	896,100	824,000
Natl. synd.	785,100	172,800
Total	**$29,915,900**	**$34,401,600**

Marketing/brand management:
Gen mgr, William Deitch
Prom dir, Fred Jervis
Adv prom, Barry Pennell
Consumer prom, Jay Werner
Parent: Triangle Publications
Agency: NW Ayer, N.Y.
Vp mgmt supr, George Malcomson
Sr vp grp media dir, David Lehmkuhl
Assoc media dir, Debbie-Lisa Brown
Media supr, Maureen Haynes

86. CENTURY 21 REAL ESTATE

Century 21 Real Estate Corp.

	Media investments 1987	Media investments 1986
Magazines	$ 898,200	$ 381,600
Natl. Sun. mags.	—	—
Network tv	23,531,600	21,557,300
Spot tv	2,994,900	3,568,700
Network radio	—	—
Spot radio	2,221,800	1,893,500
Outdoor	49,100	63,200
Network cable	24,800	300
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$29,720,400**	**$27,464,600**

Marketing/brand management:
Sr vp mktg & adv, Bruce Oseland
Dir adv, Phillip Langford
Parent: Metropolitan Life Insurance Co.
Agency: McCann-Erickson, L.A.
Sr vp mgmt rep, Jim Dorsey
Reg vp acct dir, Joe Van Sickle
Natl vp acct dir, Bob Sutter
Natl acct supr, Colin Schleining
Media supr, Luke Andros

87. MILLER HIGH LIFE BEER

Miller Brewing Co.

	Media investments 1987	Media investments 1986
Magazines	$ 183,900	$ 3,270,500
Natl. Sun. mags.	—	—
Network tv	10,314,800	38,803,500
Spot tv	8,400,400	9,598,100
Network radio	—	—
Spot radio	4,651,400	12,272,500
Outdoor	950,500	1,625,700
Network cable	771,700	2,082,500
Newspapers	4,251,300	5,643,500
Natl. synd.	133,600	1,316,900
Total	**$29,657,600**	**$74,613,200**

Marketing/brand management:
Vp brand mgmt, Robert Toledo
Brand mgr, Robert Tyley
Grp prod dir, Jerry Schmutte
Asst brand mgrs, Greg Plowe, Mike Dwyer, Stephanie Mahler, John Hepler
Dir adv srvcs, Robert Ward
Parent: Philip Morris Cos.
Agency: J. Walter Thompson, N.Y.
Sr vp grp dir, Tim Arnold

Vp sr acct supr, Martin Susz
Vp acct supr, Greg Sieck
Acct exec, Kevin McNulty
Exec vp U.S. dir media srvcs, Richard Kostyra
Vp assoc media dir, Michael Gross
Media supr, Ann Cleveland
Hispanic Agency: Mendoza, Dillon & Associados, Newport Beach, Calif.
Vp acct srvcs, Eduardo Del Rivero
Black Agency: Mingo-Jones Advertising

88. MARLBORO LIGHTS KINGS & 100'S CIGARETTES

Philip Morris Cos.

Media investments	1987	1986
Magazines	$25,034,600	$20,250,100
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	96,300	404,800
Network cable	—	—
Newspapers	4,432,900	3,025,000
Natl. synd.	—	—
Total	**$29,563,800**	**$23,679,900**

Marketing/brand management:
Grp dir, Nancy Brennan Lund
Brand mgr, J. David Mackey
Dir media, Richard L. Stirlen
Agency: Leo Burnett Co., Chicago
Exec vp, Jim Oates
Sr vp acct dir, Peter Volz
Vp acct supr, Paul Driggs
Exec vp media srvc dir, Willard Hadlock
Vp media dir, Bob Houghtlin

89. K MART MISCELLANEOUS BRANDS

[multi-product ads not fitting in other LNA categories]

K mart Corp.

Media investments	1987	1986
Magazines	$ 9,108,100	$ 5,896,400
Natl. Sun. mags.	991,700	—
Network tv	2,560,600	4,000,100
Spot tv	7,014,200	4,075,000
Network radio	5,179,600	5,564,200
Spot radio	3,696,000	3,602,000
Outdoor	99,600	5,800
Network cable	313,600	16,200
Newspapers	(No data)	(No data)
Natl. synd.	369,500	—
Total	**$29,332,800**	**$23,158,700**

Marketing/brand management:
Vp store plng, R. R. Dejaeghere
Vp sales, T. Nigolian
Vp dir mktg, M. G. Wellman
Dir adv, G. K. Habeck
Agency: Ross Roy, Detroit
Exec vp dir retail oper, Peter C. Vetowich
Sr vp grp mgmt suprs, Stephan Butterman, Roger Sherman
Sr vp acct supr, Lawrence R. Haddock
Vp acct supr, Lissa K. Papizan
Sr vp dir mktg srvcs, Gerald N. Moody
Vp grp media dirs, Alfred A. Duz (print), Patricia Cuda (brdcst)
Media plnr, Ellen Wright

90. DODGE DEALERS ASSOCIATION FRANCHISE

Chrysler Corp.

Media investments	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$24,478,200	$23,243,900
Network radio	—	—
Spot radio	3,717,500	3,061,600
Outdoor	11,200	—
Network cable	—	—
Newspapers	982,900	1,096,300
Natl. synd.	—	—
Total	**$29,189,800**	**$27,401,800**

Marketing/brand management:
Vp mktg, Jerry York
Mgr dealer assoc adv, Steve Skallerud
Gen mktg mgr, Charles B. Kitz (cars), John MacDonald (trucks)
Dodge dealer mktg mgr, Tom McAlear
Agencies: Various

Complete the puzzle

Complete your Chicago buy with the most read newspaper in Southeast Suburban Chicago and Northwest Indiana. The TIMES has more readers than any other area or metropolitan newspaper. And with our special market studies by both Simmons and Scarborough, we can help simplify the puzzle of the complete market buy.

#1 THE TIMES
for local News, Advertising & Readers in
N.W. Indiana & S.E. Suburban Chicago
417 Fayette St., Hammond, IN 46420
Represented Nationally by Branham Newspaper Sales

91. PRUDENTIAL INSURANCE CO. OF AMERICA GENERAL PROMOTION

	Media investments 1987	1986
Magazines	$ 4,606,700	$ 3,328,900
Natl. Sun. mags.	3,183,400	—
Network tv	18,244,300	8,592,600
Spot tv	345,000	682,800
Network radio	—	—
Spot radio	372,800	1,288,400
Outdoor	62,000	—
Network cable	46,700	721,800
Newspapers*	2,233,400	759,400
Natl. synd.	—	26,000
Total	**$29,094,300**	**$15,399,900**

*M&MD estimates

Marketing/brand management:
Vp adv, Scott Mason
Mgr adv, Ann Bushnel
Agency: Backer Spielvogel Bates, N.Y.
Sr vp mgmt rep, Dennis Zolnierzak
Vp acct suprs, Richard Driscoll, Debra Radcliffe

Once again, McDonald's Corp. is number one on the Top 200 list, with $373 million in ad expenditures.

92. CHRYSLER LEBARON
Chrysler Motors Corp.

	Media investments 1987	1986
Magazines	$ 9,113,700	$ 4,780,400
Natl. Sun. mags.	106,300	—
Network tv	15,708,700	7,363,300
Spot tv	2,758,400	939,000
Network radio	—	—
Spot radio	—	—
Outdoor	421,800	136,200
Network cable	543,500	378,200
Newspapers	267,700	51,800
Natl. synd.	—	99,200
Total	**$28,920,100**	**$13,748,100**

Marketing/brand management:
Gen mktg mgr, C.J. Vitulli
Natl adv mgr, M.V. Howe
National merchandise mgr, W. Klinger
Dealer mktg mgr, J.P. Holden
Advance mktg plans mgr, S.D. Bruyn
Natl mktg plans mgr, R.N. Harper
Agency: Bozell, Jacobs, Kenyon & Eckhardt
Exec vp gen mgr Detroit, G. Beech
Sr vp assoc gen mgr, B. Andrews
Exec vp mktg, A. Levenstein
Sr vp mgmt supr, L. Vernon
Vp acct supr, C. Russo
Sr acct exec, N. Sparrer
Asst acct exec, J. Strabbing
Sr vp media dir, P. Matz
Sr vp dir plng, E. Kruger
Assoc media dir, P. Floyd

93. LINCOLN-MERCURY DEALERS ASSOCIATION
Ford Auto Dealers Association

	Media investments 1987	1986
Magazines	—	$26,700
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$18,971,300	11,205,600
Network radio	—	—
Spot radio	892,500	1,677,500
Outdoor	362,900	745,900
Network cable	—	—
Newspapers	8,496,800	5,642,500
Natl. synd.	—	—
Total	**$28,723,500**	**$19,298,200**

Marketing/brand management:
Lincoln-Mercury Division:
Vp & gen mgr, Ross H. Roberts
Gen sales mgr, Edsel B. Ford II
Gen mktg mgr, DeWayne Lancaster
Dealer ad mgr, Chuck W. Schneider
Adv mgr, Steve C. Taylor
Media coor, Mike E. Leischner
Parent: Ford Motor Co.
Agency: Young & Rubicam, Detroit
Sr vp grp dir, Peter Harris
Vp acct supr, Tom Ryan
Acct execs, Nadia Novak-Moylan, Liz Flood
Sr vp media, Ken Pool
Media dir, Marge Forbes
Media supr, Martha Thomas

94. GALLO WINES
E & J Gallo Winery

	Media investments 1987	1986
Magazines	$ 68,700	$ 4,700
Natl. Sun. mags.	—	—
Network tv	22,358,400	32,045,400
Spot tv	3,561,400	1,559,100
Network radio	—	—
Spot radio	455,300	—
Outdoor	55,400	24,400
Network cable	231,400	110,600
Newspapers	—	240,800
Natl. synd.	1,968,800	26,000
Total	**$28,699,400**	**$34,011,000**

Marketing/brand management:
Vp mktg, David Gallo
Vp brand mgmt, Gerry Glascow
Sr brand mgrs, Doug Rogers, Jim Stanley
Vp adv srvcs, Jack McBride
Vp media dir, Sue McClelland
Dir corp comm, Dan Solomon
Agency: Was Hal Riney & Partners, San Francisco until 12/87. New agency to be announced.

95. FRANKLIN MINT PORCELAIN COLLECTION
The Franklin Mint

	Media investments 1987	1986
Magazines	$13,589,000	$ 9,601,700
Natl. Sun. mags.	9,628,600	6,038,500
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	—	—
Newspapers*	5,255,300	3,530,700
Natl. synd.	—	—
Total	**$28,472,900**	**$19,170,900**

*M&MD estimates

Marketing/brand management:
Vp mktg, Thomas Durovsik
Vp female collectibles, Dolores Dinyon

Vp male collectibles, Arthur Johnson
Parent: American Protection Industries
Agency: In-house
Vp media mgmt, Alan Beer

96. U.S. EXPRESS MAIL

U.S. Postal Service

	Media investments 1987	1986
Magazines	$ 3,966,200	$ 5,192,300
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	14,297,600	14,682,000
Network radio	—	—
Spot radio	1,713,400	1,270,500
Outdoor	92,800	300
Network cable	—	—
Newspapers*	8,314,800	499,100
Natl. synd.	—	—
Total	**$28,384,800**	**$21,644,200**

*M&MD estimates

Marketing/brand management:
Dir mktg, Bruce Downey
Dir adv, Rod DeVar
Agency: Young & Rubicam, N.Y.
Sr vp-mgmt supr, Ned Brown
Acct suprs: Dick Kebbon (stamps), Jack Powers, William McGrory
Vp-grp media supr, Beth Rockwood
Media supr, J. C. Ziegler

97. PENNEY'S MISCELLANEOUS BRANDS

(multi-product ads not fitting into other LNA categories)

J.C. Penney Co.

	Media investments 1987	1986
Magazines	$ 445,400	$ 479,500
Natl. Sun. mags.	114,200	69,700
Network tv	21,502,100	22,523,500
Spot tv	2,425,900	2,849,600
Network radio	801,400	—
Spot radio	292,000	874,900
Outdoor	11,400	17,000
Network cable	1,379,300	777,100
Newspapers	(No data)	(No data)
Natl. synd.	1,392,700	1,004,500
Total	**$28,364,400**	**$28,595,800**

Marketing/brand management:
Vp dir corp mktg, J. Wells
Vp dir corp merchan, Barger Tygart
Dir mktg comm, R. Shuler
Mgr media srvcs, Joe Chicoskie
Natl media plr, Julia Fugua
Adv mgr, Edward Hayward
Catalog division:
Pres, Rod Birkins
Dir merchan, Julius Debbs
Mgr adv & pubs, William Kelly
Agency: NW Ayer, Dallas
Sr vp mgmt supr, Tom Hook
Vp acct supr, Meryl Nierman
Sr vp grp media dir, Beth Gordon
Vp assoc media dir, Sue Kaufman

98. OLDSMOBILE PASSENGER CARS

General Motors Corp.

	Media investments 1987	1986
Magazines	$ 185,800	$ 241,000
Natl. Sun. mags.	—	—
Network tv	3,970,300	1,905,000
Spot tv	12,277,000	644,700
Network radio	—	—
Spot radio	3,322,500	3,029,700
Outdoor	100	—
Network cable	48,600	37,900
Newspapers	8,384,500	4,579,000
Natl. synd.	—	73,400
Total	**$28,188,800**	**$10,510,700**

Marketing/brand management:
Premium car brand mgr, P. J. Kemp
Agency: Leo Burnett Co.
Exec vp Jim Oates
Sr vp client srvc dir, Ted Jordan (Detroit)
Vp acct supr, Mike O'Neal
Acct execs (Detroit), Pam Dunn, Jim Ryan, Larry Doyle
Exec vp media srvcs, Willard Hadlock

99. MARLBORO FILTER CIGARETTES

Philip Morris Cos.

	Media investments 1987	1986
Magazines	$ 8,211,700	$ 2,805,800
Natl. Sun. mags.	106,300	—
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	16,774,600	15,928,100
Network cable	—	—
Newspapers	2,768,600	5,322,700
Natl. synd.	—	—
Total	**$27,861,200**	**$24,056,600**

Marketing/brand management:
Grp dir, Nancy Brennan Lund
Brand mgr, J. David Mackey
Dir media, Richard L. Stirlen
Agency: Leo Burnett Co., Chicago
Exec vp, Jim Oates
Sr vp acct dir, Peter Volz
Vp acct supr, Paul Driggs
Exec vp media srvcs div, Willard Hadlock
Vp media dir, Bob Houghtlin

100. MASTERCARD CREDIT CARD SERVICES

Mastercard International

(Not including regional tv and ads solely for Gold card, international services and travelers checks)

	Media investments 1987	1986
Magazines	$ 3,247,400	$ 1,170,300
Natl. Sun. mags.	729,400	33,500
Network tv	20,434,800	21,508,400
Spot tv	943,100	3,626,400
Network radio	—	2,080,400
Spot radio	2,009,300	172,700
Outdoor	42,000	—
Network cable	412,100	607,100
Newspapers	(No data)	(No data)
Natl. synd.	—	1,500
Total	**$27,818,100**	**$29,200,300**

Marketing/brand management:
Sr vp card & trvl prod, F. Alan Schultheis
Sr vp mktg srvcs, Joanne Black
Vp adv, Susan Burke
Dir adv, Stanley Satty
Adv mgr, Joan Bogin
Agency: Lintas:New York
Exec vp, F. Stone Roberts
Sr vp mgmt supr, Russell Schaffer
Vp acct supr, Bob Nadelman (business card/travelers checks)
Acct suprs, Diane Buckley (gold mastercard), Susan Mann (intl)
Sr acct execs, Lois Serota, Pam Perkowsky
Vp media dir, Jeff Dunetz

101. CAMPBELL'S CANNED SOUPS

Campbell Soup Co.

	Media investments 1987	1986
Magazines	$ 4,380,500	$ 2,594,000
Natl. Sun. mags.	—	—
Network tv	14,806,100	12,268,800
Spot tv	1,519,700	296,400
Network radio	5,255,800	3,702,900
Spot radio	(No data)	—
Outdoor	91,000	45,400
Network cable	478,600	555,400
Newspapers*	95,400	22,800
Natl. synd.	1,058,900	969,700
Total	**$27,686,000**	**$20,455,400**

*M&MD estimates

Marketing/brand management:
Vp grp gm, Dan Santangelo
Category gen mgr, Don Goerke
Dir mktg-condensed soups, Jay Wissink
Dir mktg-ready-to-serve soups, William Allen
Mktg dir, Betty Cronin
Mktg mgr, Terry Cruikshank, Suzanne Waltz, Laura Klein
Sr mktg mgrs, Bob Steenrod, Dean Bair, John Haring
Dir media srvcs, George Mahrlig
Agencies: CSC Advertising, Camden, N.J. (in-house)
Vp, Paul Mulcahy
Sr mktg mgr, Lisa Lynn
Backer Spielvogel Bates, N.Y.
Exec vp-coo, G. Robert Holmen
Sr vp grp mgmt rep, Joseph Prior
Vp mgmt supr, James Keller
Acct suprs, Nancy Adler, Suzanne Brisendine
Sr vp media, Jay Schoenfeld
Media dir, Ann Meschery
Acct exec, Matt Sawyer
Media supr, Lisa Tronick

102. AT&T INFORMATION SYSTEMS

American Telephone & Telegraph Co.

	Media investments 1987	1986
Magazines	—	$ 1,855,800
Natl. Sun. mags.	—	137,100
Network tv	$23,001,400	9,968,400
Spot tv	529,700	385,500
Network radio	1,181,300	3,332,900
Spot Radio	—	—
Outdoor	—	—
Network cable	212,000	17,200
Newspapers*	2,561,900	2,029,600
Natl. synd.	60,200	—
Total	**$27,546,500**	**$17,726,500**

*M&MD estimates

Marketing/brand management:
Business adv & prom dir, C.L. Mitchell Jr.
Div mgrs, P. C. Shyposh, W.J. Higgins
Agency: Ogilvy & Mather, N.Y.
Sr vp grp dir, G.K. O'Dea
Sr. vp mgmt supr, C. Round
Vp mgmt supr., M. Smith
McCann-Erickson, N.Y.
Acct dir, Hank O'Brien
Sr vp mgmt rep, T. Driscoll

103. NEW YORK TELEPHONE CO.

Nynex Corp.

	Media investments 1987	1986
Magazines	$ 2,233,100	$ 1,754,100
Natl. Sun. Mags.	1,230,900	749,600
Network tv	—	—
Spot tv	14,874,800	7,337,200
Network radio	—	—
Spot radio	483,300	315,700
Outdoor	—	—
Network cable	—	—
Newspapers	8,314,800	8,179,500
Natl. synd.	—	—
Total	**$27,136,900**	**$18,336,100**

Marketing/brand management:
Vp external affairs, Ted J. Federici
Asst vp adv, Michael C. Clendenin
Dir adv, Louis Kruh
Agency: Young & Rubicam, N.Y.
Sr vp grp dir, Larry Shapiro
Vp mgmt supr, Richard Bodge
Acct suprs, Margaret McKinley, John Morris
Acct execs, Julie Butkiewicz, Hugh Nesbit
Sr vp media, Ira Tumpowsky
Media dir, Mary Wyman

104. COLGATE TARTAR CONTROL FORMULA TOOTHPASTE

Colgate-Palmolive Co.

	Media investments 1987	1986
Magazines	$ 347,800	—
Natl. Sun. mags.	—	—
Network tv	19,267,500	$ 8,715,200
Spot tv	3,686,100	768,400
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	10,000	75,800
Newspapers*	596,000	9,500
Natl. synd.	3,167,100	698,200
Total	**$27,074,500**	**$10,267,100**

*M&MD estimates

Marketing/brand management:
Corp vp gen mgr-Colgate USA, A. C. Shepard
Exec vp, P.G. McArthur
Vp gen mgr (oral care), D. Meyer
Mktg mgr (oral care), J. Haber
Corp dir media, Roger Godbeer
Mgr media plns, Steve Freilich
Agency: Young & Rubicam, N.Y.
Grp supr, Ed O'Donnell
Media supr, N. Bisson
Sr yp mgmt supr, Bob Fane
Acct supr, Claudia Eisen
Siboney Advertising, N.Y.
Gen mgr, Roger Pisani
Acct supr, David Cole
Acct exec, Meria Botta
Vp media dir, Meg Bernot
Media plnr, David Flynn

105. COCA-COLA SOFT DRINK

Coca-Cola USA

(Not including Caffeine Free Coke, Cherry Coke, Coke Classic, Diet Coke, etc.)

	Media investments 1987	1986
Magazines	$ 45,800	$ 61,400
Natl. Sun. mags.	—	—
Network tv	10,011,900	11,540,800
Spot tv	8,659,300	13,218,900
Network radio	57,400	—
Spot radio	3,591,100	5,836,900
Outdoor	1,686,900	2,343,900
Network cable	906,200	1,732,100
Newspapers	1,311,100	843,400
Natl. synd.	747,600	1,193,100
Total	**$27,017,300**	**$36,770,500**

Marketing/brand management:
Vp adv-assoc dir mktg, Michael A. Beindorff
Grp brand dir, Dave Clapp
Dir consumer research, Jerry Payne
Dir mktg srvcs, Ken Craft
Vp-black & Hispanic mktg, Chuck Morrison
Mgr corp media, John M. Drollinger
Parent: Coca-Cola Co.
Agency: McCann-Erickson, N.Y.
Exec vp gen mgr, John Dooner
Exec vp dep gen mgr, Gene O'Sullivan
Acct suprs, Phil Shaw, Nancy Bamberger
Acct exec, Jim Byrne
Exec vp worldwide media srvcs, Gordon Link
Exec vp media dir, Ira Carlin
Sr vp plng mgr, George Hayes
Vp assoc media dir, Kevin Mannion
Vp media grp head, Ray Moorehead
Media plnrs, Robert Patton, Mindy Poster
Black agency: Burrell Advertising
Sr vp gm, Sarah Burroughs
Vp acct supr, Neva Richardson
Vp media dir, Nick Howse
Media supr, Michelle Garner
Hispanic agency: Castor Spanish International Inc.

106. SNICKERS CANDY BAR

Mars Inc.

	Media investments 1987	Media investments 1986
Magazines	$ 2,503,400	$ 1,971,700
Natl. Sun. mags.	—	—
Network tv	15,379,500	15,312,600
Spot tv	2,659,700	5,531,300
Network radio	2,060,200	1,574,700
Spot radio	—	—
Outdoor	—	—
Network cable	2,819,500	3,157,400
Newspapers*	57,300	19,200
Natl. synd.	1,517,600	2,808,600
Total	**$26,997,200**	**$30,375,500**

*M&MD estimates

Marketing/brand management:
Pres, William B. Hellegas
Sr vp, J. Langdon
Agency: Backer Spielvogel Bates, N.Y.
Sr vp mgmt rep, Pam Marcus
Vp acct supr, Janet Stanton
Acct execs, Katherine McDonald, Crosby Renwick
Media dir, Jay Schoenfield

107. FORD TAURUS

Ford Motor Co.

	Media investments 1987	Media investments 1986
Magazines	$ 5,800,500	$14,310,100
Natl. Sun. mags.	—	—
Network tv	16,189,700	22,528,100
Spot tv	3,372,300	2,574,800
Network radio	—	1,311,400
Spot radio	—	171,300
Outdoor	38,100	301,900
Network cable	477,900	594,500
Newspapers	457,600	105,700
Natl. synd.	647,300	240,700
Total	**$26,983,400**	**$42,138,500**

Marketing/brand management:
Ford Division:
Vp gm, T.J. Wagner
Gen mktg mgr, Phil Novell
Adv mgr, John Vanderzee
Car ad mgr, R. J. Gillooly (cars)
Dealer ad mgr, R.W. Lisenby
Agency: J. Walter Thompson, Detroit
Exec vp gm, Peter Schweitzer
Sr vp acct dir, Chuck Balestrino
Media dir, Bob Reuschle
Vp grp media dir (cars & trucks), Paul Hunt
Vp grp media dir (cars), Howard Spokes
Sr vp grp media dir net brdcst, Ron Frederick
Hispanic markets agency: Hispania Advertising
Sr vp gen mgr, Caroline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Acct execs, Crichton Adams, Ivan Pichardo
Media dir, Carlos Cintron
Black agency:
Burrell Advertising, Chicago
Sr vp grp dir, C. Curry
Acct supr, Robert Jackson
Sr vp media dir, Nick Howse
Assoc media dir, Zeline Kelly

108. FORD MOTOR CO. GENERAL PROMOTION

	Media investments 1987	Media investments 1986
Magazines	$ 712,900	$ 1,093,800
Natl. Sun. mags.	—	—
Network tv	17,248,600	11,286,400
Spot tv	507,800	400,500
Network radio	7,744,300	5,728,500
Spot radio	—	9,300
Outdoor	18,000	78,500
Network cable	158,700	217,200
Newspapers	(No data)	16,400
Natl. synd.	569,900	—
Total	**$26,960,200**	**$18,830,600**

Marketing/brand management:
Exec dir mktg staff, J. G. O'Connor
Dir adv & mktg strategy, D. T. McClure
Adv & comm mgr, F.R. Wuellner
Media supr, H.M. Meyers
Agency: Wells, Rich, Greene, Dearborn, MI
Sr vp grp dir, James B. Lawrence
Vp mgmt supr, Victor Emmanuele, N.Y.
Vp acct supr, Rober Swann, N.Y.
Vp sr acct supr, Conrad J. Welsing Jr.
Sr acct exec, Philip Alandt
Vp media dir, Arthur Edelstein
Black agency:
Burrell Advertising, Chicago
Sr vp grp dir, C. Curry
Acct supr, Robert Jackson
Sr vp media, Nick Howse
Assoc media dir, Zeline Kelly

109. AMERICAN FAMILY MAIL-ORDER PROMOTIONS

National Syndications Inc.

	Media investments 1987	Media investments 1986
Magazines	—	—
Natl. Sun. mags.	$26,913,700	$24,405,900
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	—	—
Newspapers	—	—
Natl. synd.	—	—
Total	**$26,913,700**	**$24,405,900**

Marketing/brand management:
Vp mktg, Jess Joseph
Pres, Bud Pironti
Parent: National Media
Agency: In-house
Media coor, Jess Joseph

110. 7-UP SOFT DRINK

Dr. Pepper/Seven-Up Cos.

	Media investments 1987	Media investments 1986
Magazines	$ 32,000	—
Natl. Sun. mags.	—	—
Network tv	13,202,800	$19,690,700
Spot tv	8,958,800	8,227,500
Network radio	—	—
Spot radio	2,119,700	2,095,000
Outdoor	439,000	3,191,200
Network cable	928,300	716,500
Newspapers	462,700	284,200
Natl. synd.	727,300	280,500
Total	**$26,870,600**	**$34,485,600**

Marketing/brand management:
Sr vp mktg, Russ Klein
Dir brand mgmt, Bill Thompson
Mgr media svces, Nick Luciano
Agency: Leo Burnett Co., Chicago
Sr vp acct dir, John Miller
Vp acct dir, Jack Woods
Acct supr, Paula McCloud
Exec vp media srvcs div, Willard Hadlock
Sr vp media dir, Dick Hobbs
Asst media dir, Kathy Grief
Minority agencies: Circulation Experti, Ltd.
Pres & ceo, Warren Jackson
Casanova Pendrill Publicidad, Inc.
Pres, Paul Casanova

111. GENERAL ELECTRIC CO. GENERAL PROMOTION

General Electric Co.

	Media investments 1987	Media investments 1986
Magazines	$ 151,700	$ 561,500
Natl. Sun. mags.	—	—
Network tv	17,727,300	5,796,400
Spot tv	891,600	312,500
Network radio	60,000	60,000
Spot radio*	202,700	—
Outdoor	—	55,500
Network cable	400	733,400
Newspapers	7,635,900	6,684,800
Natl. synd.	185,800	220,500
Total	**$26,855,400**	**$14,424,600**

*M&MD estimates

Marketing/brand management:
Mgr corp mktg comm, Richard Costello
Mgr corp mktg & sales oper, Frank Fagan
Mgr customer & industry programs, Bob Plumb
Mgr corp adv, Barbara Parsky
Agency: BBDO, N.Y.
Sr mgmt rep, Dennis Visich
Mgmt rep, Arnold Ross
Assoc media dir, John A. Belfiore

112. OIL OF OLAY LOTION

Richardson-Vicks Inc.

	Media investments 1987	Media investments 1986
Magazines	$ 8,691,400	$ 3,705,500
Natl. Sun. mags.	212,600	—
Network tv	10,510,400	12,846,800
Spot tv	2,648,700	2,651,800
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	—	—
Newspapers*	215,800	—
Natl. synd.	4,347,200	4,273,400
Total	**$26,626,100**	**$23,477,500**

Marketing/brand management:
Mktg dir olay prods, Mary Jaensch
Dir media, Irwin Fleischer
Brand mgr, Alan Kerzner
Parent: Procter & Gamble Co.
Agency: Wells, Rich, Greene, N.Y.
Sr vp mgmt supr, Joan Overlock
Vp acct supr, Kathy Kehoe
Sr vp corp media dir, Bob Geis
Vp media plng dir, Christopher Tinkham
Vp media grp head, Pat Casa

113. NISSAN COMPACT TRUCKS

Nissan Motor Co.

	Media investments 1987	Media investments 1986
Magazines	$ 2,669,000	$ 4,977,400
Natl. Sun. mags.	—	—
Network tv	9,517,600	15,037,100
Spot tv	11,333,600	20,462,400
Network radio	1,497,700	—
Spot radio*	793,000	4,535,700
Outdoor	—	160,600
Network cable	53,800	158,700
Newspapers	467,300	3,360,700
Natl. synd.	217,000	273,700
Total	**$26,549,000**	**$48,966,300**

*M&MD estimates

Marketing/brand management:
Dir adv, Joe Opre
Media plng mgr, Susan Furedi
Agency: Chiat/Day, L.A.
Sr vp acct dir, Tom Patty
Sr vp media dir, Hank Antosz
Assoc media dir, Steve Vye

114. AVIS RENT-A-CAR SYSTEM

Avis Inc.

	Media investments 1987	Media investments 1986
Magazines	$ 4,607,700	$ 2,869,500
Natl. Sun. mags.	55,000	71,600
Network tv	—	—
Spot tv	7,846,100	6,591,600
Network radio	5,343,100	—
Spot radio	577,500	592,000
Outdoor	90,000	20,300
Network cable	187,700	166,500
Newspapers	7,655,800	4,568,500
Natl. synd.	63,300	—
Total	**$26,426,200**	**$14,880,000**

Marketing/brand management:
Vp mktg, Robert Cardillo
Vp mktg srvcs, Allen Kurzman
Agency: Backer Spielvogel Bates, N.Y.
Sr vp mgmt rep, Alan Kellam
Acct suprs, Don Simon, Laura Mindell
Acct execs, Carolyn Parello, Rob Rawley
Assoc media dir, Steve Maietta
Media supr, Russell Zingale

Three entries cleaned up in the diaper industry and made the Top 200.

115. CHEESE INDUSTRY PROMOTION

American Dairy Association

	Media investments	
	1987	1986
Magazines	$ 418,100	$ 1,466,000
Natl. Sun. mags.	—	—
Network tv	24,168,800	$19,691,700
Spot tv	715,100	853,400
Network radio	—	739,100
Spot radio	95,100	47,800
Outdoor	—	8,600
Network cable	949,800	630,400
Newspapers*	9,400	123,000
Natl. synd.	41,400	259,300
Total	**$26,397,700**	**$23,819,300**

*M&MD estimates

Marketing/brand management:
Sr vp adv & mktg srvcs, United Dairy Industry Association, and pres, American Dairy Association, Joseph B. Kelsch
Vp mktg plng, Stephen A. Dohrmann
Vp mktg srvcs, Grover B. Simpson
Dir adv srvcs, Donna A. Arcus
Mgr merchandising progs, Larry A. Grunkemeyer
Parent: United Dairy Industry Association
Agency: D'Arcy Masius Benton & Bowles, Chicago
Sr vp grp acct dir, Ben Bishop
Sr vps mgmt suprs, Bob Meuser, Mike Leonhart
Acct supr, Andrea Dichter
Sr vp dir media srvcs, Joe Zeller
Vp assoc media dir, Willard L. Hemsworth

116. CIRCUIT CITY STEREO STORES

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$26,353,700	$16,286,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	—	—
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$26,353,700**	**$16,286,000**

Marketing/brand management:
Vp research, George Hechtman
Mktg dir, Dick Hammill
Agency: Abbott Advertising, Richmond, Va.
Sr vp grp dir, Dan Rexinger
Media dir, Ida Gallimore

117. FTDA

Florists' Transworld Delivery Association

	Media investments	
	1987	1986
Magazines	$ 852,500	$ 1,279,000
Natl. Sun. mags.	—	304,500
Network tv	16,033,900	8,463,500
Spot tv	3,900	74,100
Network radio	6,140,700	6,384,700
Spot radio	—	—
Outdoor	—	5,700
Network cable	222,600	63,600
Newspapers	2,860,200	3,376,700
Natl. synd.	—	—
Total	**$26,113,800**	**$19,951,800**

Marketing/brand management:
Grp dir bus srvcs, Michael Michaud
Dir consumer mktg, Robert Etter
Agency: D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.
Sr vp mgmt supr, Harold J. Hogan
Vp grp acct supr, Rob Carr
Acct supr, Terri Anderson
Sr vp dir media srvcs, George M. Rogers, Jr.
Vp grp media dir, Marty Choinski
Vp assoc media dir, Jeff Singer

118. VIRGINIA SLIMS ULTRA LIGHT 100 REGULAR & MENTHOL

Philip Morris Cos.

	Media investments	
	1987	1986
Magazines	$12,274,200	—
Natl. Sun. mags.	2,900,100	—
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	2,601,600	—
Network cable	—	—
Newspapers	8,291,100	—
Natl. synd.	—	—
Total	**$26,067,000**	—

Marketing/brand management:
Vp mktg, David E. R. Dangoor
Vp mktg srvcs, Ellen Merlo
Mktg dir, Brian Schuyler
Brand mgr, Herbert Foster
Media dir, Richard Stirlen
Parent: Philip Morris Cos.
Agency: Leo Burnett Co. Chicago
Exec vp, Jim Oates
Sr vp acct dir, Peter Volz
Acct supr, Barbara Stoldt
Acct exec, Sally Goggin,
Exec vp media srvcs, Wilard Hadlock
Media dir, Robert Houghtlin

119. JACK-IN-THE-BOX RESTAURANTS

Foodmaker Inc.

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$19,317,300	$15,963,100
Network radio	—	—
Spot radio	6,495,500	3,625,100
Outdoor	106,200	33,000
Network cable	—	—
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$25,919,000**	**$19,621,200**

Marketing/brand management:
Corp vp mktg, Mohammad Iqbal
Dir mktg, John Farrar
Dir sales mktg & prom, Michael Sick
Vp prod mktg, Paul Haack
Dir mkt res, Bruce Frazer
Sr brand mgr, Karen Schmidt
Agency: Cohen/Johnson, L.A.
Vp acct grp dir, Tom Ruffino
Acct suprs, Meade Wildrick, Vicki Rittermal

> **Fast-food entries fell from 14 in 1986 to 11 this year.**

120. WRIGLEY'S SPEARMINT GUM

Wm. Wrigley Jr. Co.

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$13,020,100	$14,965,400
Spot tv	7,474,300	6,353,000
Network radio	1,616,800	—
Spot radio	529,700	—
Outdoor	—	—
Network cable	1,656,300	1,813,400
Newspapers	—	—
Natl. synd.	1,453,000	188,100
Total	**$25,750,200**	**$23,319,900**

Marketing/brand management:
Exec vp mktg, Ronald O. Cox
Mktg dir, Gary Bebee
Mktg mgr, Ron Boyum
Agency: BBDO, Chicago
Sr vp mgmt supr, Tonise Hayden
Acct exec, Stacie Boney
Sr vp exec media dir, Robert Garrison
Vp dir media plng, Kathy Segal
Vp Assoc media dir, Deb Nevin

121. M&M'S CANDIES

Mars Inc.

	Media investments	
	1987	1986
Magazines	$ 1,451,400	$ 1,417,200
Natl. Sun. mags.	—	—
Network tv	17,317,200	13,804,100
Spot tv	1,993,000	6,109,900
Network radio	990,900	1,923,400
Spot radio	—	12,000
Outdoor	400	23,000
Cable network	2,197,700	3,486,700
Newspapers*	52,700	18,700
Natl. synd.	1,512,400	2,427,500
Total	**$25,515,700**	**$29,222,500**

*M&MD estimates

Marketing/brand management:
Pres, William B. Hellegas
Sr vp mktg & sales, J. Langdon
Agency: Backer Spielvogel Bates, N.Y.
Sr vp mgmt rep, Alice Uniman
Acct exec, Isabel Albanese

122. U.S. ARMED FORCES RECRUITING

Joint Recruiting Advertising Program

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$22,855,500	$15,898,100
Spot tv	—	9,700
Network radio	—	—
Spot radio*	19,100	—
Outdoor	2,900	3,400
Network cable	2,399,900	2,079,700
Newspapers	—	—
Natl. synd.	—	48,800
Total	**$25,277,400**	**$18,039,700**

Marketing/brand management:
Dir joint recruiting adv prog, Lynn Lucchetti
Parent: Department of Defense
Agency: Grey, N.Y.
Exec vp grp dir, Robert A. Ravitz
Vp acct supr, Garry Niebauer
Acct suprs, Bill Sandberg, David Stanley
Exec vp media & prog srvcs, Alec Gerster

123. BUICK REGAL

Buick Motor Division/ Automobiles

	Media investments	
	1987	1986
Magazines	$ 8,594,100	$465,000
Natl. Sun. mags.	210,100	—
Network tv	13,318,000	—
Spot tv	734,300	97,500
Network radio	1,443,100	15,000
Spot radio	—	—
Outdoor	94,700	—
Network cable	121,200	21,600
Newspapers	586,100	—
Natl. synd.	—	—
Total	**$25,101,600**	**$599,100**

Marketing/brand management:
Gen mktg mgr, Darwin Clark
Gen dir adv, Jay Qualman
Gen dir div mktg, John Dabels
Vp gen mgr, E.H. Mertz
Gen sales & srvcs mgr, R.E. Coletta
Parent: General Motors Corp.
Agency: McCann-Erickson, Troy, Mich.
Sr vp grp dir, Richard A. Hill
Vp acct suprs, James Moore, Glynn Armitage
Acct execs, Robert Cleary, John Holowaty, Robert Schneider, Jerry Fronczak
Sr vp media, W. Brien Schweikart
Vp assoc media dir, Helen Seligman

124. PAMPERS DISPOSABLE DIAPERS

Procter & Gamble Co.

	Media investments	
	1987	1986
Magazines	$ 225,000	$ 610,300
Natl. Sun. mags.	—	—
Network tv	17,660,400	19,020,000
Spot tv	4,829,600	3,208,700
Network radio	—	—
Spot radio	451,300	—
Outdoor	474,700	3,900
Network cable	597,600	350,400
Newspapers	—	117,900
Natl. synd.	753,800	1,756,800
Total	**$24,992,400**	**$25,068,000**

Marketing/brand management:
Vp div mgr, Richard R. Nicolosi
Agency: D'Arcy Masius Benton & Bowles, N.Y.
Sr vp grp dir, Norman Sherman
Sr vp media dir, Rich Hamilton
Vp assoc media dir, Mark McLaughlin
Vp acct dir, Ian Brown

125. PIEDMONT AIRLINES PASSENGER SERVICE

Piedmont Aviation Inc.

	Media investments	
	1987	1986
Magazines	$ 654,000	$ 112,500
Natl. Sun. mags.	—	—
Network tv	4,780,900	—
Spot tv	3,304,900	4,986,000
Network radio	—	—
Spot radio	5,555,700	—
Outdoor	978,000	794,300
Network cable	82,600	142,300
Newspapers	9,382,600	10,877,600
Natl. synd.	231,400	—
Total	**$24,970,100**	**$16,912,700**

Marketing/brand management:
Sr vp mktg, J. Daniel Brock
Adv mgr, Jim Robinson
Parent: USAir Group Inc.
Agency: McKinney & Silver, Raleigh, N.C.
Sr vp mgmt supr, Jim DeVos
Acct exec, Jack Bramen
Sr vp media dir, Janice Hunter
Media plnr, Nancy Lowry

126. LENSCRAFTERS

U.S. Shoe Corp.

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	$ 17,200	—
Network tv	—	—
Spot tv	24,767,400	$13,660,700
Network radio	—	—
Spot radio	62,600	—
Outdoor	19,200	14,600
Network cable	—	—
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$24,866,400**	**$13,675,300**

Marketing/brand management:
Vp mktg, David M. Browne
Div mktg dirs, Ann Marsden, Frank Baynham, Carene Kunkler, James Dial
Mgr mkt res/direct mail, Mark Sass
Mgr crtv & prod srvcs, Larry James
Comm supr, Susan Knobler
Parent: U.S. Shoe Corp.
Agency: EDB Advertising (in-house)

127. FORD RANGER COMPACT TRUCKS

Ford Motor Division

	Media investments	
	1987	1986
Magazines	$ 8,274,100	$ 5,281,200
Natl. Sun. mags.	—	—
Network tv	12,176,800	12,360,900
Spot tv	3,757,400	6,323,800
Network radio	—	—
Spot radio	—	—
Outdoor	16,700	238,000
Network cable	390,600	204,600
Newspapers	(No data)	(No data)
Natl. synd.	223,300	2,000
Total	**$24,838,900**	**$24,410,500**

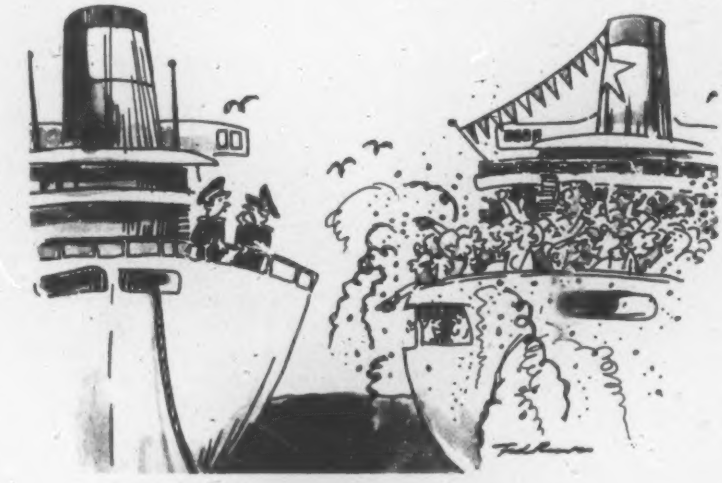
Marketing/brand management:
Vp gen mgr, T.J. Wagner
Gen mktg mgr, P.M. Novell
Adv mgr, John Vanderzee
Truck ad mgr, T.A. Boese
Dealer ad mgr, R.W. Lisenby
Media mgr, R.C. Halseth
Parent: Ford Motor Co.
Agency: J. Walter Thompson, Detroit
Exec vp gm, Peter Schweitzer
Sr vp acct dir, Chuck Balestrino
Sr vp bdcst supr, Ron Frederick
Vp car & truck grp media dir, Paul Hunt
Sr vp media dir, Bob Reuschle
Assoc media dir (trucks), Susan Kiltie
Hispanic markets agency: Hispania Advertising, N.Y.
Sr vp gen mgr, Caroline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Acct execs, Crichton Adams, Ivan Pichardo
Media dir, Carlos Cintron

128. KELLOGG'S RAISIN BRAN

Kellogg Co.

	Media investments	
	1987	1986
Magazines	$ 2,970,900	—
Natl. Sun. mags.	70,800	—
Network tv	17,847,200	$15,357,000
Spot tv	1,805,800	1,631,300
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	268,100	241,200
Newspapers	67,700	(No data)
Natl. synd.	1,788,500	1,469,300
Total	**$24,819,000**	**$18,698,800**

Marketing/brand management:



"I told you we should've advertised our cruise in the Register."

156,000 Orange County residents have taken a cruise during the past three years and The Orange County Register Metrogroup carries more steamship advertising than all but 9 newspapers in the nation. (Scarborough's 1987 Newspaper Ratings Study; Media Records, 1987)

THE ORANGE COUNTY Register METROGROUP

The leading medium in Southern California's richest market. **Represented by CWO&O**

Exec vp sales & mktg, Mike Simpson
Sr vp mktg, W. H. Weintraub
Agency: Leo Burnett Co., Chicago
Exec vp acct dir, Jim Jenness
Vp acct dir, Alan Roehl
Acct supr, Stacy Sopcich
Acct exec, Mark Hosbein
Exec vp media srvcs, Willard Hadlock
Media dirs, Lincoln Bumba, John Muszynski
Minority Agency: Vince Cullers Advertising, Chicago
Acct supr, George Boykin
Sr vp media dir, Jeff Cullers
Media dir, Ed Renno

129. **KLEENEX HUGGIES DIAPERS**

Kimberly-Clark Corp.

	Media investments	
	1987	1986
Magazines	$ 977,400	$ 1,303,400
Natl. Sun. mags.	—	—
Network tv	22,989,700	18,593,600
Spot tv	97,200	1,611,600
Network radio	—	—
Spot radio	38,800	—
Outdoor	—	—
Network cable	70,200	45,900
Newspapers	47,700	89,500
Natl. synd.	514,600	145,800
Total	**$24,735,600**	**$21,768,800**

Marketing/brand management:
Vp brand mgmt infant care div, Richard F. Auchter
Mktg dir, Steve R. Kalmanson
Dir adv srvcs, George J. Ker, Jr.
Agency: Ogilvy & Mather, N.Y.
Sr vp grp dir, Cliff Angers
Sr vp mgmt supr, David Mechlin
Sr vp assoc media dir, Mark Rice
Asst media dir, Mindy Kiger

130. **DODGE DAYTONA**

Chrysler Motors Corp.

	Media investments	
	1987	1986
Magazines	$ 5,665,800	2,256,100
Natl. Sun. mags.	—	—
Network tv	16,910,000	3,197,700
Spot tv	1,407,700	223,900
Network radio	—	—
Spot radio	—	—
Outdoor	117,000	6,100
Network cable	572,000	401,900
Newspapers	50,300	17,700
Natl. synd.	—	—
Total	**$24,722,800**	**6,103,400**

Marketing/brand management:
Vp mktg, Jerry York
Mktg mgr, Charles B. Kitz
Adv mgr, Jay Kuhnie
Agency: BBDO, Detroit
Pres & ceo, Bill Kelly
Sr vp grp mgmt supr, Bill Oswald
Sr vp mgmt supr, John Hammond
Vp acct suprs, Gordon Berg, Mark Caroselli
Sr vp exec media dir, Gene McCarthy
Vp media dir, Ted Zahrfeld

131. **SUBARU DEALERS ASSOCIATION**

Subaru of America Inc.

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$16,837,700	$18,630,100
Network radio	—	—
Spot radio	5,346,900	2,604,600
Outdoor	—	—
Network cable	—	—
Newspapers	2,501,300	927,300
Natl. synd.	—	—
Total	**$24,685,900**	**$22,162,000**

Marketing/brand management:
Vp mktg, David L. Sippel
Dir adv & merchan, Chris Wackman
Natl adv oper mgr, Rick Balsiger
Natl dist mktg mgr, Tom Todd
Partner: Fuji Heavy Industries
Agency: Levine Huntley Schmidt & Beaver, N.Y.
Subaru distributor acct group:
Vp mgmt supr, Jack O'Hollaren
Acct supr, Scott Marticke
Acct execs, Jeff Petre, John Kennedy
Field acct execs:
Sr acct execs, Dan Kaufman (S.E. Suburu) Michael Ervin (Subaru Intl), Steve Faris (S.W. Subaru) Gordon Daly (Subaru Atlantic)
Acct execs: Cynthia Greene (Subaru dist corp),
Luke Adams (Mid-America Subaru)
Field acct supr, Steve Harper (Mid-America Subaru)
Sr vp grp dir, natl & dist bus, Terry Bonaccolta
Vp dir media srvcs, Michael Daly
Assoc media dir, Michael Sadowsky
Media suprs, Tom Volk, Andrea Blumenthal
Media plnrs, Queenie Lee, Rob Aigner
Larsen, Colby, Koralek
Subaru of Northern and Southern Calif:
Pres, Gary Koralek
Media dir, Susan Signorelli
Acct exec, Phil Johnson

132. **VISA CHARGE CARD**

Visa USA Inc.

	Media investments	
	1987	1986
Magazines	$ 2,755,800	$ 3,646,000
Natl. Sun. mags.	—	—
Network tv	15,373,700	12,390,200
Spot tv	3,133,100	2,340,900
Network radio	1,600	—
Spot radio	60,600	3,700
Outdoor	58,300	6,000
Network cable	579,900	534,600
Newspapers	(No data)	(No data)
Natl. synd.	2,685,600	1,038,200
Total	**$24,648,600**	**$19,959,600**

Marketing/brand management:
Sr vp mktg dir, John H. Bennett
Vp mktg comm, Janet Soderstrom
Mgr mktg comm, Phil Cox
Adv mgr, David L. Roberts
Special events mgr, Christine Koncal
Agency: BBDO, N.Y.
Exec vp sr mgmt rep, Gary De Paulo
Vp acct supr, Rich Kronengold
Exec vp media srvcs, Arnie Semsky
Sr vp media plng, Mike Drake
Sr vp natl tv buying, Steve Grubbs
Sr vp assoc media dir, Mike Hedge
Network buying supr, Larry Novenstern
Network plng supr, Jim Cammarata
Media plnr, Toni Racioppo

Seven cigarette entries made the list.

133. **ALKA-SELTZER**

Miles Laboratories Inc.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$16,800,400	$12,809,800
Spot tv	2,602,000	2,872,900
Network radio	4,364,800	4,828,000
Spot radio	65,000	—
Outdoor	—	—
Network cable	665,800	255,700
Newspapers	—	135,800
Natl. synd.	132,500	92,600
Total	**$24,630,500**	**$20,994,800**

Marketing/brand management:
Vp mktg (U.S.), Glen R. Fleischer
Dir media oper, Mitchell Streicker
Agency: McCann-Erickson, N.Y.
Sr vp grp acct dir, Peter Heinz
Vp mgmt rep, Phyllis Califano
Exec vp media dir, Ira Carlin
Sr vp plng, Vince Tortorelli
Hispanic agency: Conill, N.Y.
Ceo, Carlos R. Rossi
Exec vp acct srvcs dir, Liz Castells
Asst vp media dir, Ilia Leon
Pres crtv dir, Michelle Aragon

134. **SPRITE SOFT DRINK**

Coca-Cola Co.

	Media investments 1987	1986
Magazines	—	$ 113,400
Natl. Sun. mags.	—	—
Network tv	$14,978,800	15,484,300
Spot tv	6,812,300	8,404,800
Network radio	56,400	—
Spot radio	601,800	1,088,200
Outdoor	10,900	29,700
Network cable	252,200	459,300
Newspapers	—	17,800
Natl. synd.	1,907,800	1,592,800
Total	**$24,620,200**	**$27,190,300**

Marketing/brand management:
Vp adv, Michael Beindorff
Dir, Dan Sayre
Brand mgr, Steve Jones
Assoc brand mgr, Brian Lanahan
Vp media dir, William H. Lynn
Corp media mgr, John M. Drollinger
Agency: Lowe Marschalk, N.Y.
Exec vp grp dir, Eric Einhorn
Sr vp mgmt supr, Peg Jump
Acct supr, Neal Wilkins
Acct exec, Bob Sacco
Sr vp media dir, Stephen M. Segal
Vp assoc media dir, Christina O. Brodie
Media grp head, Reg Ungberg
Media supr, Ellen Polakoff
Sr media plnr, Susan Adelhardt
Asst media plnrs, Francis Fischer, Pat Braaf
Black agency: Burrell Advertising, Chicago
Sr vp grp dir, Sarah Burroughs
Vp acct supr, Neva Richardson
Sr vp media dir, Nick Howse
Media supr, Michelle Garner
Hispanic Agency: Castor Spanish International

The wine-cooler category is chilling out, down from four entries last year to two.

135. **WINN-DIXIE FOOD STORES**

Winn-Dixie Stores Inc.

	Media investments 1987	1986
Magazines	$ 143,200	—
Natl. Sun. mags.	—	—
Network tv	5,222,700	$10,195,800
Spot tv	17,937,800	33,748,400
Network radio	—	—
Spot radio	309,300	833,600
Outdoor	404,100	1,046,200
Network cable	342,200	—
Newspapers	(No data)	(No data)
Natl. synd.	16,800	—
Total	**$24,376,100**	**$45,824,000**

Marketing-brand management:
Dir adv, G. E. (Mickey) Clerc Jr.
Agency: William Cook Advertising, Jacksonville, Fla.
Exec vp acct mgr, Carson Eddings
Vp acct suprs: Lura Benton, James Radcliffe, Mike Russell
Acct execs, Dick Matthews, Marty Lynch, Glyn Denton, JoAnn Nolan
Media dir, Mary Shine
Dir media srvcs, Bob Stone

136. **KELLOGG'S SUGAR FROSTED FLAKES**

Kellogg Co.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$15,433,300	$10,207,700
Spot tv	6,982,000	5,796,600
Network radio	17,200	—
Spot radio	—	—
Outdoor	—	—
Network cable	337,200	339,900
Newspapers	—	—
Natl. synd.	1,561,300	1,363,500
Total	**$24,331,000**	**17,707,700**

Marketing/brand management:
Exec vp sales & mktg, Mike Simpson
Sr vp mktg, W. H. Weintraub
Agency: Leo Burnett Co., Chicago
Exec vp acct dir, Jim Jenness
Vp acct dir, Tim O'Day
Acct supr, Larry Bruck
Acct exec, Patty Bloomfield
Exec vp media srvcs, Willard Hadlock
Media dirs, Lincoln Bumba, John Muszynski
Minority Agency: Vince Cullers Advertising, Chicago
Acct supr, George Boykin
Sr vp media dir, Jeff Cullers
Media dir, Ed Renno

137. **MARLBORO FILTER KINGS & 100'S CIGARETTES**

[multi-product ads]

Philip Morris Cos.

	Media investments 1987	1986
Magazines	$21,490,000	$20,050,000
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	35,100	33,500
Network cable	—	—
Newspapers	2,768,600	5,322,700
Natl. synd.	—	—
Total	**$24,293,700**	**$25,406,200**

Marketing/brand management:
Grp dir, Nancy Brennan Lund

Brand mgrs, J. David Mackey, Richard J. Camisa
Dir media, Richard L. Stirlen
Agency: Leo Burnett Co., Chicago
Exec vp, Jim Oates
Sr vp acct dir, Peter Volz
Vp acct supr, Paul Driggs
Exec vp media srvc div, Willard Hadlock
Vp media dir, Bob Houghtlin

138. BEEF INDUSTRY COUNCIL

	Media investments 1987	1986
Magazines	$ 5,558,800	$1,653,600
Natl. Sun. mags.	—	—
Network tv	13,877,300	—
Spot tv	376,900	1,966,300
Network radio	3,072,300	—
Spot radio	244,400	156,700
Outdoor	—	—
Network cable	380,900	—
Newspapers	104,100	11,100
Natl. synd.	525,600	—
Total	**$24,140,300**	**3,787,700**

Marketing/brand management:
Vp mkt, John Francis
Adv dir, Jeanne M. Sowa
Parent: National Livestock & Meat Board
Agency: Ketchum Communications, San Francisco
Sr vp grp dir, Dianne Snedaker
Vp acct supr, Terry DiCarlo
Acct suprs, Edie Flynn, Karen Christensen
Acct execs, Susan Briganti, Mary Pomponio
Sr vp media, Mary Murphy
Media dir, Greg Montana

139. BLUE CROSS & BLUE SHIELD PLANS

Blue Cross and Blue Shield Association

(Not including ads from regional operations and ads solely for Blue Cross Insurance, etc.)

	Media investments 1987	1986
Magazines	$ 30,000	$ 1,074,300
Natl. Sun. mags.	—	56,600
Network tv	4,426,600	4,952,200
Spot tv	15,879,400	15,343,000
Network radio	—	—
Spot radio*	1,659,700	1,419,700
Outdoor	875,300	555,500
Network cable	3,100	9,000
Newspapers	1,110,000	1,278,000
Total	**$23,984,100**	**$24,688,300**

*M&MD estimates

Marketing/brand management:
Sr vp natl mktg div, Leonard E. Wood III
Exec dirs, Richard Maturi, Rick Enright
Vp comm, Duane Carlson
Sr consultant, Tom Mura
Exec dir, Lynne Peterson
Agency: Hal Riney & Partners, Chicago
Sr vp mging dir, Tom Sharp
Vp acct supr, Marty Kohr
Vp media dir, David Verklin
Media supr, Chuck Blomberg
Asst media plnr, Rosemary Costello

140. TOYOTA PASSENGER CARS & TRUCKS

Toyota Motor Corp.

	Media investments 1987	1986
Magazines	$ 38,900	—
Natl. Sun. mags.	—	—
Network tv	591,700	$ 387,500
Spot tv	20,578,200	20,511,600
Network radio	—	—
Spot radio*	2,176,400	3,208,100
Outdoor	290,000	—
Network cable	58,700	72,300
Newspapers	(No data)	(No data)
Natl. synd.	202,500	16,400
Total	**$23,936,400**	**$24,195,900**

Marketing/brand management:
Corp mktg dir, George Borst
Natl adv mgr, David Danzer
Adv mgr, Don Cecconi (trucks)
Adv admin, Natalie T. Stewart (cars), Mark Gelfond (trucks)
Parent: Toyota Motor Co. Local Dealers
Agency: Saatchi & Saatchi DFS, Torrance, Calif.
Exec vp mgmt dir, Joe Cronin
Sr vp mgmt supr, Warren Benjamin
Sr vp acct grp supr, Ray Damiano
Acct suprs, Cathy Moylan, Ian Beavis
Acct execs, Brian Hill, Linda Howard, Jennifer Reynolds
Sr vp dir media oper, Richard Weigand
Sr vp media dir, Nora Lapham
Assoc media dir, Katherine Jaris

141. MERCURY TRACER

Lincoln-Mercury Division

	Media investments 1987	1986
Magazines	$ 6,425,200	—
Natl. Sun. mags.	568,200	—
Network tv	11,190,000	—
Spot tv	339,900	—
Network radio	4,135,500	—
Spot radio	—	—
Outdoor	29,600	—
Network cable	288,000	—
Newspapers	779,300	—
Natl. synd.	151,300	—
Total	**$23,907,000**	—

Marketing/brand management:
Vp gen mgr, Ross Roberts
Gen sales mgr, Edsel B. Ford II
Gen mktg mgr, DeWayne Lancaster
Adv mgr, Steve Taylor
Brand mgr, C. W. Schneider
Media coor, M. E. Leischner
Parent: Ford Motor Co.
Agency: Young & Rubicam, Detroit
Sr vp grp dir, Greg Stein
Vp mgmt supr, Tim Cooney
Acct execs, Keenie Fieger, Sandy Rowland, Doug Williams
Sr vp media, Ken Pool
Grp media supr, Marge Forbes

Eight airlines made the Top 200. They are American, Delta, Eastern, Northwest, Pan Am, Piedmont, TWA and United.

142. BMW 325

BMW of North America Inc.

	Media investments 1987	1986
Magazines	$ 5,805,200	$ 3,483,000
Natl. Sun. mags.	—	—
Network tv	10,878,000	2,328,400
Spot tv	3,060,300	434,400
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	770,000	83,000
Newspapers*	3,307,100	(No data)
Natl. synd.	30,000	—
Total	**$23,850,600**	**$6,328,800**

*M&MD estimates

Marketing/brand management:
Vp mktg, Hans Riedel
Vp oper, Andy Pokorny
Gen mgr mktg comm, Carl Flesher
Agency: Ammirati & Puris, N.Y.
Sr vp grp dir, Duncan Pollock
Vp mgmt supr, Howard Lesman
Vp acct supr, Jan Boyle
Sr acct exec, Elise Knight
Asst acct exec, Glenn Berkwitt
Acct coor, Kelley Smith
Sr vp media dir, Steven Farella
Vp assoc media dir, Michael Lotito
Asst media dir, Patti Bunting
Media plnr, Susan Shanus
Asst media plnr, Lisa Rome

143. HBO PAY TV CHANNEL

Time Inc.

	Media investments 1987	1986
Magazines	$ 9,214,600	$ 8,371,200
Natl. Sun. mags.	—	35,800
Network tv	—	—
Spot tv	6,376,600	7,526,300
Network radio	501,700	—
Spot radio	3,311,000	2,891,800
Outdoor	21,600	10,000
Network cable	18,800	144,200
Newspapers	4,346,600	4,723,900
Natl. synd.	—	—
Total	**$23,790,900**	**$23,703,200**

Marketing/brand management:
Sr vp mktg, John Billick
Vp adv & prom, Dan Levinson
Vp dir mktg, Steve Janus
Agency: BBDO, N.Y.
Exec vp, Joe Barrett
Sr vp, Ken Angel
Vp, John Marchese
Sr vp, Leslie Margulis
Exec vp, Charles Miesmer
Assoc crtv dir, Mike Shevack

144. HONDA ACCORD

American Honda Motor Co.

	Media investments 1987	1986
Magazines	$ 4,609,900	$ 4,277,900
Natl. Sun. mags.	161,000	213,000
Network tv	14,926,400	7,882,800
Spot tv	1,859,100	1,186,100
Network radio	1,086,000	547,100
Spot radio	—	—
Outdoor	1,200	3,200
Network cable	691,300	665,100
Newspapers*	434,400	305,900
Natl. synd.	—	—
Total	**$23,769,300**	**$15,081,100**

*M&MD estimates

Marketing/brand management:
Sr vp auto sales oper, Tom Elliott
Sr mgr auto adv, Eric Conn
Asst mgrs auto adv, Mike Dillon, Bill Young
Exec vp, K. Amemiya
Agency: Rubin Postaer & Associates, L.A.
Sr vp grp acct dir, William C. Hagelstein
Vp acct dir, Chuck Valentine
Vp acct suprs, Julie Boston, Joan Egan
Sr vp media dir, Tom Somerset
Assoc media dirs, Kate Knox, Stan Botello

145. MAZDA 626

Mazda Motors of America

	Media investments 1987	1986
Magazines	$ 5,397,000	$ 4,900,800
Natl. Sun. mags.	—	—
Network tv	11,869,200	6,812,900
Spot tv	2,157,000	1,643,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	477,500	335,800
Newspapers*	3,665,400	95,100
Natl. synd.	23,600	—
Total	**$23,588,700**	**$13,787,600**

*M&MD estimates

Marketing/brand management:
Sr vp gen mgr (MMA-Central), R. E. Hayden
Sr vp gen mgr (MMA-East), Jim Trado
Grp vp sales, R. Colliver
Vp mktg, Duane Bowen
Vp mktg srvcs, R. Parker
Agency: Foote, Cone & Belding, Santa Ana, Calif.
Exec vp gm, Welton Mansfield
Vp media dir, Robert MacDonald

146. DODGE DAKOTA COMPACT TRUCKS

Chrysler Motors Corp.

	Media investments 1987	1986
Magazines	$ 4,126,300	$ 2,777,000
Natl. Sun. mags.	—	502,400
Network tv	17,549,600	7,020,000
Spot tv	1,702,600	1,196,800
Network radio	—	—
Spot radio	—	—
Outdoor	5,400	8,700
Network cable	97,100	7,200
Newspapers	(No data)	(No data)
Natl. synd.	15,100	—
Total	**$23,496,100**	**$11,512,100**

Marketing/brand management:
Vp mktg, Jerry York
Mktg mgr, John MacDonald
Adv mgr, Ken Laurence
Agency: BBDO, Detroit
Pres ceo, Bill Kelly
Sr vp grp mgmt supr, Bill Oswald
Sr vp mgmt supr Dodge trucks, Mike Graham
Vp acct supr Dodge trucks, Tim Miller
Acct execs, Mike Woods, Dan Hutzell
Sr vp exec media dir, Gene McCarthy
Vp media dir, Joe Caponigro

Franklin Mint placed two of its product lines in this year's Top 200.

147. HIGHLAND HOUSEHOLD PRODUCTS

Highland Superstores Inc.

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$22,566,800	$18,830,200
Network radio	—	—
Spot radio	894,200	716,800
Outdoor	13,500	—
Network cable	—	—
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$23,474,500**	**$19,547,000**

Marketing/brand management:
Dir adv & mktg, Frank Ferriolo
Asst adv dir, Marge Taylor-Wehr
Dir special events, Ed Rossman
Media mgr, Marianne Barrons
Creative agency: W.B. Doner
Acct exec, Jeff Hale
Asst acct exec, Lynne Goswick
Mgmt supr, Ross Lerner
Print advertising: In-house
Media buying: In-house

148. EVEREADY ENERGIZER BATTERIES

Eveready Battery Co.

	Media investments	
	1987	1986
Magazines	$ 710,400	$ 97,600
Natl. Sun. mags.	—	—
Network tv	19,933,300	18,624,800
Spot tv	416,000	191,400
Network radio	8,000	1,255,800
Spot radio	62,100	47,200
Outdoor	92,700	—
Network cable	1,443,800	538,600
Newspapers*	85,400	30,800
Natl. synd.	654,000	107,400
Total	**$23,405,700**	**$20,893,600**

*M&MD estimate

Marketing/brand management:
(Eveready & Energizer brand batteries) Vp mktg, Susan O. Scott
Grp dir, John B. Snodgrass
Parent: Ralston Purina Co.
Agency: DDB Needham Worldwide, Chicago
Acct supr, Doug Rothrock
Acct exec, Kalpana Murthy

149. COLUMBIA RECORD & TAPE CLUB

CBS Records Inc.

	Media investments	
	1987	1986
Magazines	$ 8,408,000	$15,483,000
Natl. Sun. mags.	7,995,200	11,047,900
Network tv	—	—
Spot tv	497,100	413,300
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	—	—
Newspapers	6,170,300	8,819,000
Natl. synd.	—	—
Total	**$23,070,600**	**$35,763,200**

Marketing/brand management:
Vp music mktg, Sharon Karoki
Dir record & tape club adv, Joan Stamler
Dir compact disc club, Pam Lehman
Parent: Sony Corp. of America
Agency: Wunderman Worldwide, N.Y.
Sr vp mgmt supr, Peter Rabar
Exec vp media dir, Polly Langbort
Vp assoc media dir, Juliet Munoz-Darnell
Media supr, Rob Small

150. DUPONT CARPET FIBERS

E.I. DuPont de Nemours & Co.

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$22,283,000	$12,150,800
Spot tv	502,100	414,200
Network radio	—	—
Spot radio	—	—
Outdoor	16,800	—
Network cable	118,200	155,200
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$22,920,100**	**$12,720,200**

Marketing/brand management:
Flooring systems division:
Dir, Tom McAndrews
Bus mgr residential, Robert Axtell
Mktg mgr, Bruce Koepcke
Mktg comm mgr, Gary Johnston
Agency: BBDO, N.Y.
Acct supr, Stuart Marvin
Acct exec, Helen Fitzpatrick
Acct coor, Karen Cavaluzzi
Exec vp media, Arnie Semsky
Media dir, Mike Drake
Vp assoc media dir, Tom Fuld
Media supr, Peter Harrington

151. WALL STREET JOURNAL CIRCULATION

Dow Jones & Co.

	Media investments	
	1987	1986
Magazines	$ 142,100	$ 396,900
Natl. Sun. mags.	10,300	9,500
Network tv	1,343,600	5,954,300
Spot tv	7,370,700	2,814,300
Network radio	7,821,800	5,917,200
Spot radio	716,700	1,979,000
Outdoor	—	—
Network cable	2,865,600	2,350,700
Newspapers	1,287,400	1,259,200
Natl. synd.	1,285,900	1,752,200
Total	**$22,844,100**	**$22,433,300**

Marketing/brand management:
Vp mktg, Bernard Flanagan
Agency: Lord, Geller, Federico & Einstein, N.Y.
Mgmt supr, David Johnson
Acct exec, Lee Platt
Fallon McElligot, Minneapolis
Acct supr, Bob Van Horn
Acct exec, Angela Weatherly
Media dir, Scot Butler
Jim Johnston Advertising, N.Y.
Sr vp grp dir, Patricia Johnston
Sr vp media, Howard Gerber

152. CHRYSLER MOTORS CORP. GENERAL PROMOTION

	Media investments	
	1987	1986
Magazines	$ 282,000	$ 100,000
Natl. Sun. mags.	—	—
Network tv	16,638,400	187,000
Spot tv	11,400	621,000
Network radio	1,000,800	—
Spot radio	4,530,800	6,226,300
Outdoor	—	—
Network cable	178,000	7,300
Newspapers	185,400	(No data)
Natl. synd.	—	—
Total	**$22,826,800**	**$7,141,600**

Marketing/brand management:
Mktg dir, A.C. Liebler
Adv mgr, Joseph L. Hickey

Corporate progs mgr, M.V. Sutherland
Bus plng & research dir, P.J. Keegan
Merchandise mgr, W.R. Coley
Agency: Bozell, Jacobs, Kenyon & Eckhardt, Detroit
Exec vp gen mgr, G.F. Beech
Sr vp assoc gen mgr, B. Andrews
Exec vp mktg, A. Levenstein
Sr vp mgmt supr: William Shea
Sr vp media, Phillip Matz
Sr vp dir plng, E. Kruger
Media dir, C. Lapham
Acct supr, R. Lytle
Acct exec, J. Fisher

153. SLICE REGULAR SOFT DRINK

PepsiCo

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$ 600,000	—
Spot tv	19,125,400	$27,525,200
Network radio	—	—
Spot radio	1,879,000	1,881,300
Outdoor	397,800	151,700
Network cable	—	27,300
Newspapers	734,600	1,023,200
Natl. synd.	—	—
Total	**$22,736,800**	**$30,608,700**

Marketing/brand management:
Sr vp crtv srvcs, Alan Pottasch
Vp mktg, Mike Lorelli
Media dir, Rick Rock
Assoc media dir, Mary Ann Power
Agencies: BBDO, N.Y.
Exec vp media srvcs, Arnie Semsky
Assoc media dir, Ivan Becker
Siboney Advertising, N.Y.
Gen mgr, Roger Pisani
Vp acct supr, Carla Trum
Acct exec, Melissa Quinoy
Vp media dir, Meg Bernot
Media supr, Joe Pena
(Agency was J. Walter Thompson until 2/88)

154. DISNEY WORLD AMUSEMENT PARK

Walt Disney World Co.

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$ 5,672,500	$ 2,944,700
Spot tv	12,073,000	15,241,200
Network radio	—	—
Spot radio	152,800	12,100
Outdoor	15,400	—
Network cable	633,300	3,300
Newspapers	3,265,900	3,078,300
Natl. synd.	879,900	—
Total	**$22,692,800**	**21,279,600**

Marketing/brand management:
Sr vp mktg, Tom Elrod
Vp mktg, Phil Lengyel
Dir pub, Charlie Ridgway
Mgr adv, Michael McPhillips
Mgr prom, Tom Kennington
Mgr special mkts, Sandi Litrenta
Dir crtv srvcs, Deb Muenchow
Parent: Walt Disney Co.
Agency: Western International Media
Sr vp dir media oper, Robert Lilley (N.Y.)
Mging dir, Karen Neumann (Boston)
Black Agency: UniWorld Group

155. CARNIVAL CRUISE LINES

Carnival Cruise Lines Inc.

	Media investments	
	1987	1986
Magazines	$ 60,800	$ 53,900
Natl. Sun. mags.	14,200	—
Network tv	10,993,800	9,842,700
Spot tv	1,395,300	742,800
Network radio	—	—
Spot radio	—	—
Outdoor	10,700	600
Network cable	339,400	112,700
Newspapers	9,174,800	8,786,100
Natl. synd.	637,800	1,500
Total	**$22,626,800**	**$19,540,300**

Marketing/brand management:
Pres ceo Micky Arison
Sr vp sales & mktg, Robert H. Dickinson
Vp mktg, Karine L. Armstrong
Agencies: McFarland & Drier, Miami
(Broadcast)
Chair, William McFarland
Media supr, Geri Donnelly
Media buyer & plnr, Chris Vari
Acct coor, Lisa Stephens
HMK Advertising, Boston
(Print)
Pres, Harvey Karp
Acct supr & media dir, Holly Patmore
Adv coor & media buyer, Suzanne Provencher

156. KELLOGG'S CORN FLAKES

Kellogg Co.

	Media investments	
	1987	1986
Magazines	$ 391,900	$ 445,500
Natl. Sun. mags.	—	—
Network tv	18,107,300	15,135,100
Spot tv	2,855,500	496,700
Network radio	—	400
Spot radio	—	—
Outdoor	—	—
Network cable	316,400	113,700
Newspapers	—	5,000
Natl. synd.	949,700	301,100
Total	**$22,620,800**	**$16,497,500**

Marketing/brand management:
Exec vp sales & mktg, Mike Simpson
Sr vp mktg, W. H. Weintraub
Agency: Leo Burnett Co., Chicago
Exec vp acct dir, Jim Jenness
Vp acct dir, Alan Roehl
Acct supr, Stacy Sopcich
Acct exec, Barbara Wentworth
Exec vp media srvcs div, Willard Hadlock
Media dirs, Lincoln Bumba, John Muszynski
Minority Agency: Vince Cullers Advertising, Chicago
Acct supr, George Boykin
Sr vp media dir, Jeff Cullers
Media dir, Ed Renno

157. SEARS HOUSEHOLD ITEMS

Sears Roebuck & Co.

	Media investments	
	1987	1986
Magazines	$ 3,018,300	$ 6,924,700
Natl. Sun. mags.	714,600	1,581,900
Network tv	332,000	14,830,300
Spot tv	34,900	1,727,100
Network radio	14,866,400	12,225,300
Spot radio*	3,356,400	4,447,700
Outdoor	9,600	5,000
Network cable	400	194,700
Newspapers	no data	no data
Natl. synd.	—	147,200
Total	**$22,332,600**	**$42,083,900**

*M&MD estimates

Marketing/brand management:
Mgr admin & oper, William Cora
Natl retail adv mgr, S. Scott Harding
Natl adv srvc mgr, Celeste Gosman
Mgr natl media srvc, Bernie Miller
Mgr bdcst oper, Barbara Drier
Vp mktg, Thomas Morris
Mktg comm mgr, Michael Mangan (home appliances/home improvement)
Mktg comm mgr, John Summers (home fashions)
Natl catalog ad mgr, Ronald Ramseyer
Agencies: Ogilvy & Mather, Chicago
(retail and catalog advertising network tv, network radio, spot tv and spot radio)
Exec vp pres Chicago, Bill Whitney
Sr vp mging dir, Wim Slootweg
Sr vp gen mgr, Bruce Beach
Sr vp client srvc dir, Al Mager
Vp mgmt suprs, Dan Delaney, Bruce Jasurda
Acct suprs, Jeff Totaro, Ann Sundet, Steve Nance, Paula Serios, Ole Riise, Brian Kelly
Sr vp media dir, Tom Bell
Dir local brdcst, Jacque O'Connor
Dir natl brdcst, Kay Durkin
Vp assoc media dir, Marilyn Kelly
Media suprs, Dave Flockencier, Dave Rasmussen
Media plnrs, Roman Martens, Lori Segal, Jill Langan
Asst plnrs, JoAnn Farrington, Vicki Brummond, Robin Sprague
Hispania Advertising Inc., N.Y.
Sr vp grp dir, Caroline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Media dir, Carlos Cintron
Vince Cullers Advertising, Chicago
Acct supr, George Boykin
Sr vp media, Jeff Cullers
Media dir, Ed Renno

158. SEAGRAM'S GOLDEN WINE COOLER

Joseph E. Seagram & Sons

	Media investments 1987	1986
Magazines	$ 20,800	$ 606,100
Natl. Sun. mags.	—	—
Network tv	17,139,900	13,865,000
Spot tv	1,133,500	1,450,500
Network radio	—	55,900
Spot radio	1,169,100	19,900
Outdoor	37,100	—
Network cable	247,100	310,500
Newspapers*	194,500	577,000
Natl. synd.	2,179,300	152,700
Total	$22,121,300	$17,037,600

Marketing/brand management:
Pres Seagram Beverage Co., Richard Coffey
Exec vp mktg, Mark Taxel
Vp dir mktg strategy, Alysia Cohen
Agency: Ogilvy & Mather, N.Y.
Sr vp grp dir, Mike Newsrand
Vp mgmt supr, Jed Bernstein
Acct supr, Jane Gundell
Sr vp assoc media dir, Mark Rice
Asst media dir, Vikki Schwartzman
Media plnr, Catherine Fancher

WHAT'S WRONG WITH THIS PICTURE?
(HINT: KANSAS CITY HAS BEEN OVERLOOKED)

Food store sales: Top 30 markets

Overlooked? We're used to it, even though we're a lucrative food market, leaving places like New Orleans, Cincinnati, Milwaukee and San Jose waiting at the checkout counter.
Even some major marketers have made the mistake of leaving out Kansas City when they make top 20 or 30 buys. But the ones who have looked closely at national rankings and at the vitality of the Kansas City market know better. They know that among other things, KC is a Top-30 performer in auto sales (#20), retail sales and purchases of petroleum products.
KC also places considerably above the national average in purchases of alcoholic beverages, appliances and insurance.

Once you've discovered KC, choosing the most effective ad medium is easy: It's The Star & Times. Our Sunday readership alone (753,000) humbles the competition. Weekdays, we reach two-thirds of households with $50,000+ incomes.

Before you put together your marketing plan, look closely: If you've overlooked Kansas City there's something wrong with that picture. Call our general advertising manager, Jack Hines, at 816-234-4179 today for more on the must-buy KC market.

Sources: SBP '87 and Belden Associates · represented nationally by Cresmer, Woodward, O'Mara & Ormsbee Inc.

CHECK THE SOURCE
The Kansas City Star & Times

159. US SPRINT

GENERAL PROMOTION

	Media investments 1987	1986
Magazines	$ 11,400	$ 1,022,600
Natl. Sun. mags.	—	—
Network tv	17,119,200	6,842,300
Spot tv	4,097,600	5,224,000
Network radio	—	—
Spot radio	11,600	1,923,100
Outdoor	—	—
Network cable	333,700	127,400
Newspapers	50,800	614,400
Natl. synd.	494,800	305,700
Total	**$22,119,100**	**$16,059,500**

Marketing/brand management:
Exec vp, David M. Holland
Vp adv & dir mktg, Jorge L. Rodriguez
Agency: J. Walter Thompson, San Francisco
Sr vp acct dir, Sherry Carniglia
Sr vp media dir, Charlotte Weissenberger
Assoc media dir, Al Adams

160. CHRYSLER DEALERS ASSOCIATION FRANCHISE

Chrysler Motors Corp.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$16,724,200	$ 9,038,200
Network radio	—	—
Spot Radio	4,384,300	2,521,300
Outdoor	—	2,000
Network cable	—	39,300
Newspapers	1,003,900	1,908,600
Natl. synd.	—	—
Total	**$22,112,400**	**$13,509,400**

Marketing/brand management:
Dealer mktg mgr Chrysler Plymouth, James Holden
Dealer adv mgr, Dennis Demers
Agency: Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis
Sr vp mgmt supr, Jack Hickey
Sr vp acct grp dir, Roy McKechnie
Sr vp media, Phil Matz
Assoc media dir, Roberta Bolvari

161. AT&T

BUSINESS LONG DISTANCE

AT&T Communications

	Media investments 1987	1986
Magazines	$ 5,164,800	$ 7,685,100
Natl. Sun. mags.	—	33,500
Network tv	9,247,800	18,527,000
Spot tv	3,410,000	7,754,900
Network radio	1,184,200	1,926,300
Spot radio	(No data)	—
Outdoor	—	—
Network cable	958,600	928,700
Newspapers*	2,049,500	4,639,400
Natl. synd.	7,200	12,700
Total	**$22,022,100**	**$41,507,600**

*M&MD estimates

Marketing/brand management:
Adv dir, C.L. Mitchell Jr.
Div mgrs, P.C. Shyposh, W.J. Higgins
Parent: American Telephone & Telegraph Co.
Agency: McCann-Erickson, N.Y.
(domestic business long distance)
Sr vp grp mgmt dir, H. O'Brien
Vp mgmt rep, E. Keshin
Young & Rubicam, N.Y.
(international business long distance)
Sr vp grp dir, M. Lowenstein

162. TIME-LIFE BOOKS

Time Inc.

	Media investments 1987	1986
Magazines	$12,403,100	$13,968,800
Natl. Sun. mags.	172,400	185,100
Network tv	—	34,800
Spot tv	5,951,100	5,970,100
Network radio	141,200	—
Spot radio	—	47,700
Outdoor	—	—
Network cable	3,155,800	3,938,800
Newspapers	13,900	234,200
Natl. synd.	96,000	115,600
Total	**$21,933,500**	**$24,495,100**

Marketing/brand management:
Pres Time-Life Books, Chris Linen
Sr vp mktg, Robert DeSena
Vp mktg srvcs, Hallett Johnson III
Mktg dirs, Roger Miller, Mary Donohoe, Frank Haeger
Brand mgrs: Kathy Bloomfield, Kathryn Beck, Tom Corry, Robin Schuster
Adv media mgr, Nancy Jones
Bdcst media mgr, Wayne Butler
Print media mgr, Shari Altman
Agencies: Wunderman Worldwide, N.Y.
Vp mgmt supr, Andy Jones
Exec vp media dir, Polly Langbort
Vp assoc media dir, Ellen Weiss
Grp dir exec vp, Worth Linen
Media supr, Cathy Calve
Acct execs: Wendy Foster, Susan Rock
A. Eicoff & Co.
Pres, Ron Bliwas
Sr vp acct mgr, Rick Sangerman
Sr vp media dir, Francie Barson
Sr vp crtv dir, Joel Rappin
Vp grp crtv dir, Carol Darr
Media supr, Beth Constantine
Traffic & contract mgr, Dena Gordon
Media buyers: Ken Houdek, Mary Clacher, Connie Cassiday, Peggy Stuebe

163. BUICK DEALERS ASSOCIATION FRANCHISE

	Media investments 1987	1986
Magazines	$15,700	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	17,920,600	$20,187,000
Network radio	7,400	74,500
Spot radio	944,300	1,111,200
Outdoor	—	34,500
Network cable	—	—
Newspapers	2,959,400	4,997,800
Natl. synd.	—	—
Total	**$21,847,400**	**$26,405,000**

Marketing/brand management:
Buick Motor Div., General Motors:
Vp gm, E.H. Mertz
Gen sls & srvc mgr, R.E. Coletta
Gen mkt mgr, D.E. Clark
Gen dir adv, J.W. Qualman
Parent: General Motors Corp. Dlrs. Assoc.
Agencies: Various

Gallo Wines was the only wine entry.

164. GENERAL FOODS INTERNATIONAL COFFEES

Philip Morris Cos.

	Media investments 1987	1986
Magazines	$ 2,693,500	2,362,200
Natl. Sun. mags.	—	—
Network tv	10,652,200	6,850,500
Spot tv	3,768,800	2,764,000
Network radio	1,338,500	585,200
Spot radio	189,500	11,800
Outdoor	—	—
Network cable	829,100	512,500
Newspapers	51,500	—
Natl. synd.	2,321,700	—
Total	**$21,844,800**	**$13,086,200**

Marketing/brand management:
Dir mktg Maxwell House Coffee Division, Robert J. Pizzuti
Sr prod mgr, Phil Lauria
Agency: Young & Rubicam, N.Y.
Exec vp worldwide acct dir, Larry Shapiro
Sr vp mgmt supr, Steve Brookstein
Vp acct supr, Kim Bealle
Sr vp media dir, George Sharpe
Sr vp media grp supr, Diane Spencer

165. OLDSMOBILE CUTLASS

General Motors Corp.

	Media investments 1987	1986
Magazines	$ 5,391,800	$ 2,799,300
Natl. Sun. mags.	—	—
Network tv	9,529,800	5,762,900
Spot tv	1,363,700	$551,800
Network radio	—	—
Spot radio	376,500	72,600
Outdoor	17,900	96,400
Network cable	78,000	16,300
Newspapers	4,895,000	147,800
Natl. synd.	137,700	581,600
Total	**$21,790,400**	**$10,028,700**

Marketing/brand management:
Brand mgr, S. D. McAlpine
Agency: Leo Burnett Co, Southfield, Mich.
Sr vp client srvc dir, Ted Jordan
Vp acct dir, Neil Lichtman
Sr vp media, Joe Henry

166. MITSUBISHI DEALERS ASSOCIATION FRANCHISE

Mitsubishi Auto Dealers Assoc.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	$21,111,700	$14,185,900
Network radio	—	—
Spot radio	332,100	—
Outdoor	—	—
Network cable	—	—
Newspapers	330,300	136,500
Natl. synd.	—	—
Total	**$21,774,100**	**$14,322,400**

Marketing/brand management:
Adv dir, Dan Girard
Agency: Grey Advertising, N.Y.
Exec vp, Lou Maloof
Exec vp media & prog srvcs, Alec Gerster

167. FORD COMPACT TRUCKS

Ford Motor Division

	Media investments 1987	1986
Magazines	$ 3,285,100	$ 4,568,800
Natl. Sun. mags.	—	—
Network tv	10,924,500	5,488,500
Spot tv	1,060,700	965,700
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	376,700	112,400
Newspapers	5,923,000	2,410,700
Natl. synd.	202,500	—
Total	**$21,772,500**	**$13,546,100**

Marketing/brand management:
Vp gen mgr, T.J. Wagner
Gen mktg mgr, P.M. Novell
Adv mgr, John Vanderzee
Truck adv mgr, T.A. Boese
Dealer adv mgr, R.W. Lisenby
Media mgr, R.C. Halseth
Parent: Ford Motor Co.
Agency: J. Walter Thompson, Detroit
Exec vp gen mgr, Peter Schweitzer
Sr vp acct dir, Chuck Balestrino
Sr vp crtv dir, Richard Howting
Sr vp dir mktg srvcs, Robert Gamble
Sr vp brdcst supr, Ron Frederick
Media dir, Bob Reuschle
Vp car & truck grp media dir, Paul Hunt
Vp assoc media dir (trucks), Susan Kiltie
Hispanic markets agency: Hispania Advertising, N.Y.
Sr vp gen mgr, Caroline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Acct execs, Crichton Adams, Ivan Pichardo

168. KELLOGG'S RICE KRISPIES

Kellogg Co.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$15,678,000	$13,438,400
Spot tv	3,588,700	2,531,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	388,000	283,800
Newspapers	—	—
Natl. synd.	2,019,600	1,527,300
Total	**$21,674,300**	**$17,780,500**

Marketing/brand management:
Exec vp sales & mktg, Mike Simpson
Sr vp mktg, W. H. Weintraub
Agency: Leo Burnett Co., Chicago
Exec vp acct dir, Jim Jenness
Vp acct dir, Tim O'Day
Acct supr, Larry Bruck
Acct exec Patty Bloomfield
Exec vp media srvcs, Willard Hadlock
Media dirs, Lincoln Bumba, John Muszynski
Minority Agency: Vince Cullers Advertising, Chicago
Acct supr, George Boykin
Sr vp media dir, Jeff Cullers
Media dir, Ed Renno

169. SIZZLER RESTAURANT

Sizzler Restaurants International Inc.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—

Spot tv	$21,421,100	$15,,972,000
Network radio	—	—
Spot radio	211,000	198,000
Outdoor	16,200	71,700
Network cable	—	—
Newspapers	—	—
Natl. synd.	—	—
Total	**$21,648,300**	**$16,241,700**

Marketing/brand management:
Exec vp mktg, Michael M. Minchin Jr.
Adv dir, Donald W. Lum
Mktg mgr, Suellen Zecchini
Dir prod devel, Stacey James
Dir purchasing, Nydia Mowery
Parent: Collins Foods International Inc.
Agency: BBDO/West, L.A.
Sr vp grp dir, Tom Pickles
Vp acct supr, Jim Ward
Acct execs, Marnie Bodek, Steve Czerniel
Media dir, Ron Harrison

170. ECKERD DRUG STORES
Jack Eckerd Corp.

	Media investments 1987	1986
Magazines	$ 697,300	$ 545,000
Natl. Sun. mags.	—	—
Network tv	1,458,000	1,279,600
Spot tv	16,404,300	17,379,000
Network radio	—	—
Spot radio	1,408,800	939,000
Outdoor	73,700	44,600
Network cable	1,575,100	2,022,900
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$21,817,200**	**$22,210,100**

Marketing/brand management:
Exec vp mktg, Ronald D. Peterson
Vp mktg comm, Kenneth Banks
Agency: WB Doner, St. Petersburg, Fla.
Sr vp grp dir, Ann Bergstrom
Vp acct supr, Craig Carpenter
Acct execs, Shelley Manes, Jenny Puryear, Ginny Vonckx
Vp media dir, Robert G. Jorden
Assoc media dir, Joan Morse

171. NOW FILTER 100s CIGARETTES
R.J. Reynolds Tobacco Co.

	Media investments 1987	1986
Magazines	$11,854,200	$13,574,100
Natl. Sun. mags.	4,441,400	5,182,900
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	118,000
Network cable	—	—
Newspapers	5,283,300	7,199,200
Natl. synd.	—	—
Total	**$21,578,900**	**$26,074,200**

Marketing/brand management:
Sr vp mktg, J. T. Winebrenner
Grp mktg dir, E. M. Blackmer
Vp mktg srvcs, G. T. Baroody
Grp dir media, D. F. Pearson
Grp mgr media admin, R. E. Neal
Grp mgr media plng, T. McCabe
Brand mgr, G. C. Pennell
Parent: RJR Nabisco Inc.
Creative agency: Young & Rubicam, N.Y.
Exec vp grp gen mgr, Jane Brite
Sr vp grp dir, Mike Feldman
Vp mgmt supr, Tony Pace
Acct supr, Jim Bogie
Acct exec, Randi Ireland

172. NYQUIL COLD REMEDY LIQUID
Richardson-Vicks Inc.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$12,749,600	$ 9,578,800
Spot tv	5,719,400	1,013,200
Network radio	—	—
Spot radio	751,700	623,500
Outdoor	—	—
Network cable	574,000	135,900
Newspapers	—	—
Natl. synd.	1,453,500	2,063,800
Total	**$21,248,200**	**$13,415,200**

Marketing/brand management:
Mktg dir, Rich Schaefer
Parent: Procter & Gamble Co.
Agency: D'Arcy Masius Benton & Bowles, N.Y.
Sr vp grp dir, Norman Sherman
Vp acct supr, Ross Cooper
Acct supr, Priscilla Natkins
Acct exec, Lisa Scott
Assoc media dir, Mark McLaughlin
Sr vp media dir, Rich Hamilton
Media dir, Irwin Fleischer
Asst media dir, Kathleen Zapoticky

173. MERRILL LYNCH STOCKBROKERS
Merrill Lynch, Pierce, Fenner & Smith, Inc.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$19,360,100	$10,695,100
Spot tv	37,500	63,100
Network radio	—	19,200
Spot Radio	1,443,800	226,200
Outdoor	—	—
Network cable	218,400	201,400
Newspapers	(No data)	(No data)
Natl. synd.	15,700	—
Total	**$21,075,500**	**$11,205,000**

Marketing/brand management:
Vp adv mgrs, James W. Walsh (corp.),
Deborah Mandelker (consumer mkts)
Ad mgr, Thomas Milligan (internal comm)
Agency: Bozell, Jacobs, Kenyon & Eckhardt, N.Y.
Sr vp mgmt suprs, Gerald Sherwin (corp & consumer mkts),Walter Guarino (capital mkts)

174. NUTRASWEET SWEETENER
The Nutrasweet Co.

	Media investments 1987	1986
Magazines	$ 263,500	$ 2,203,700
Natl. Sun. mags.	—	—
Network tv	20,041,900	22,010,800
Spot tv	100,400	155,600
Network radio	—	—
Spot radio	149,600	—
Outdoor	1,900	12,200
Network cable	—	270,100
Newspapers	409,200	55,100
Natl. synd.	89,200	1,167,500
Total	**$21,055,700**	**$25,875,000**

Marketing/brand management:
Vp mktg, William Wohlfeil
Dirs mktg, Brenda Sussna, Nile Wendorf
Parent: Monsanto Company
Agency: Ogilvy & Mather, Chicago
Sr vp client srvc dir, Ian Miller
Sr vp grp dir, David Warden (New York)
Vp mgt suprs, Barbara Elmendorf (Chicago), Mark Green (N.Y.)

175. TOYOTA COROLLA
Toyota Motor Corp

	Media investments 1987	1986
Magazines	$ 4,766,100	$ 891,900
Natl. Sun. mags.	35,400	—
Network tv	9,183,600	2,401,100
Spot tv	4,687,800	3,581,500
Network radio	—	—
Spot radio	—	—
Outdoor	39,800	—
Network cable	311,000	195,500
Newspapers*	625,200	163,900
Natl. synd.	1,335,400	48,200
Total	**$20,984,300**	**$7,282,100**

*M&MD estimates

Marketing/brand management:
Corp mktg mgr, George Borst
Natl adv mgr, David Danzer
Sr adv admin,
Natalie T. Stewart
Agency: Saatchi & Saatchi DFS, Torrance, Calif.
Exec vp mgmt dir, Joe Cronin
Sr vp mgmt supr,
Warren Benjamin
Acct supr, [illegible] Moylan
Acct execs, Brian Hill, Linda Howard, Jennifer Reynolds
Sr vp dir media oper, Richard Weigand
Sr vp media dir, Nora Lapham
Vp assoc media dir,
Katherine Jaris

176. POST RAISIN BRAN
General Foods Corp.

	Media investments 1987	1986
Magazines	$ 244,900	$ 1,140,600
Natl. Sun. mags.	—	—
Network tv	15,306,900	11,667,700
Spot tv	1,182,800	1,715,400
Network radio	300	—
Spot radio	—	—
Outdoor	—	—
Network cable	959,600	884,800
Newspapers	21,300	(No data)
Natl. synd.	3,108,900	2,629,600
Total	**$20,824,700**	**$18,038,100**

Marketing/brand management:
Grp vp gm, William H. Korab
Mktg mgr, David Vermylen
Dir Development, Rick DeSantis
Prod grp mgr, Cheryl Atkins
Dir media srvcs, David K. Braun
Assoc dir media srvcs, Don J. Miceli
Parent: Philip Morris Cos.
Agency: Grey Advertising, N.Y.
Exec vp, Jack Frantz
Exec vp media & prog srvcs, Alec Gerster

177. WRIGLEY'S EXTRA SUGAR FREE GUM
Wm. Wrigley Jr. Co.

	Media investments 1987	1986
Magazines	$ 1,993,800	$ 1,533,300
Natl. Sun. mags.	—	—
Network tv	10,466,400	11,605,200
Spot tv	6,329,300	3,761,700
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	1,112,700	1,024,900
Newspapers	—	—
Natl. synd.	910,500	304,700
Total	**$20,812,700**	**$18,229,800**

Marketing/brand management:
Exec vp mktg, Ronald O. Cox
Mktg dir, Susan Sherry
Agency: BBDO, Chicago
Sr vp mgmt supr, Tonise Hayden
Acct supr, Lauren Abbe
Acct exec, Carolyn Geldermann

178. WINSTON CIGARETTES
R. J. Reynolds Tobacco Co.

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	$19,985,400	$21,009,000
Network cable	—	—
Newspapers	678,800	1,517,900
Natl. synd.	—	—
Total	**$20,664,200**	**$22,526,900**

Marketing/brand management:
Sr vp brand mktg, J. T. Winebrenner
Grp mktg dir, E. M. Blackmer
Sr brand mgr, T. C. Harris
Dir mktg srvcs, G. T. Baroody
Grp dir-media, D. F. Pearson
Grp mgr media admin, R. E. Neal
Grp plng mgr, T. J. McCabe
Parent: RJR Nabisco Inc.
Creative agency: McCann-Erickson, N.Y.
Exec vp worldwide, Craig Middleton
Sr vp mgmt rep, Robert Dunn
Acct dir, Steve Goldstein
Acct exec, Dave Pastore

179. SUZUKI SAMURAI
Suzuki of America Automotive Corp.

	Media investments 1987	1986
Magazines	$ 419,600	$ 164,800
Natl. Sun. mags.	—	—
Network tv	3,261,200	—
Spot tv	15,023,500	11,134,400
Network radio	—	—
Spot Radio	1,040,300	1,455,400
Outdoor	299,200	—
Network cable	—	—
Newspapers	400,300	160,500
Natl. synd.	—	—
Total	**$20,444,100**	**$12,915,100**

Marketing/brand management:
Pres, K. Arai
Vp gen mgr, N. Douglas Mazza
Natl adv mgr, Jim Driver
Asst adv mgr, Diana Van Alstine
Agency: Keye/Donna/Pearlstein, L.A.
Exec vp, Spike Bragg
Vp media dir, Alan Hyman
Vp asst media dir, Garfield Ricketts
Acct supr (corp), Tim O'Mara
Acct exec (corp), Laura Hunter
Asst acct exec (corp), Michelle de Maria
Media supr (corp), Fran McCrary
Media plnr (corp), Merilee Marshall
Acct supr (dealer), Dick Diekman
Acct execs (dealer), Maryann

Malorgio (N.Y.), Bill Heffernan (Atlanta), Alan Ducastle (Chicago)
Admin asst (dealer), Lisa Kruttschnitt
Media supr (dealer), Maria Kosanovich
Media plnr (dealer), Kelly Kear
Asst media plnr (corp & dealer), Tom Rossi

180. GTE CORPORATE GENERAL PROMOTION

GTE Corp.

	Media investments 1987	Media investments 1986
Magazines	$ 2,820,300	$ 4,464,700
Natl. Sun. mags.	—	77,700
Network tv	6,622,800	8,230,800
Spot tv	6,212,900	8,102,400
Network radio	79,200	—
Spot radio	225,500	1,966,400
Outdoor	—	—
Network cable	386,100	43,400
Newspapers	4,022,700	14,451,800
Natl. synd.	—	—
Total	**$20,369,500**	**$37,337,200**

Marketing/brand management:
Vp corp comm, Edward C. MacEwen
Dir corp adv, Rupert Smith
Agency: DDB/Needham Worldwide, New York
Exec vp, Larry Iannuzzelli
Grp sr vp, Denis Crosley
Vp acct suprs, Juliana Van Norden, Jim Cole, Susan Hershey
Vp mgmt supr, Nancy Bretl
Acct supr, Ann Davies
Acct execs, Ray Albergotti, Helen Wanamaker, Karin Muff, Scott McNulty
Vp media plng dir, Bob Huff
Vp assoc media plng dir, Davis Stewart

181. TRIDENT SUGARLESS GUM

Warner Lambert Co.

	Media investments 1987	Media investments 1986
Magazines	$ 2,731,500	$ 2,331,700
Natl. Sun. mags.	—	—
Network tv	6,657,900	8,348,300
Spot tv	4,246,000	3,515,500
Network radio	3,468,800	4,455,300
Spot radio	—	39,300
Outdoor	1,000,900	—
Network cable	62,700	537,800
Newspapers	—	—
Natl. synd.	2,119,900	2,229,600
Total	**$20,287,700**	**$21,457,500**

Marketing/brand management:
Vp prod mgmt, Robert Clouston
Category dir, Robert Eager
Sr prod mgr, Robert Ehrlich
Agency: J. Walter Thompson, N.Y.
Sr vp grp dir, Jack Morrissey
Vp acct dir, Adele Finaly
Acct supr, Peter Mackey
Acct exec, Karen Halpert
Exec vp U.S. dir media svc, Richard Kostyra
Vp media dir, Ronnie Beason
Media supr, Kelly Lowman
Media plnr, Michele Paton

182. RYDER TRUCK LEASING

Ryder System Inc.

	Media investments 1987	Media investments 1986
Magazines	$ 808,500	$ 2,026,600
Natl. Sun. mags.	—	—
Network tv	11,557,400	3,860,800
Spot tv	1,835,900	5,715,900
Network radio	1,153,200	81,700
Spot radio	1,697,700	1,275,100
Outdoor	10,700	4,500
Network cable	73,500	112,400
Newspapers	2,590,600	1,986,500
Natl. synd.	458,100	—
Total	**$20,185,600**	**$15,063,500**

Marketing/brand management:
Chair, pres & ceo, M. Anthony Burns
Sr exec vp, chief financial officer, Edwin A. Huston
Pres, vehicle leasing & srvc div, Donald W. Estes
Grp adv dir, John Larrick
Agency: Ogilvy & Mather, N.Y.
Grp dir, Bill Gray
Vp mgmt supr, Peter Neiman
Vp acct supr, Garret Vreeland
Acct supr, John Farr
Acct exec, Richard Lobel

183. GATORADE FLAVORED DRINK

Quaker Oats Co.

	Media investments 1987	Media investments 1986
Magazines	$ 2,948,000	$ 652,500
Natl. Sun. mags.	—	—
Network tv	8,868,500	37,000
Spot tv	3,465,900	106,300
Network radio	1,069,700	—
Spot radio	1,127,100	250,900
Outdoor	—	—
Network cable	638,500	67,500
Newspapers	107,700	67,100
Natl. synd.	1,873,100	—
Total	**$20,098,500**	**$1,181,300**

Marketing/brand management:
Vp prod mgmt, John Breuer
Prod grp mgr, Susan Doten
Brand mgrs, Tom Feitel, Michael Whitcomb
Agency: Bayer Bess Vanderwarker & Flynn, Chicago
Acct supr, Bill Daily
Acct execs, Reese Adams, Barrie Somers
Media supr, John Reebel

184. PEPTO-BISMOL ANTACID

Procter & Gamble Co.

	Media investments 1987	Media investments 1986
Magazines	$ 3,153,400	$ 1,910,800
Natl. Sun. mags.	—	—
Network tv	9,767,500	9,233,300
Spot tv	2,470,000	1,524,700
Network radio	2,641,400	868,300
Spot radio	1,100	38,800
Outdoor	46,000	15,900
Network cable	1,713,800	1,566,100
Newspapers	33,900	—
Natl. synd.	159,200	26,800
Total	**$19,986,300**	**$15,184,700**

Marketing/brand management:
Personal Care Products Division:
Brand mgr, T. A. Moore
Agency: Leo Burnett, Chicago
Exec vp acct dir, Hank Feeley
Sr vp acct dir, Mary Bishop
Vp acct dir, Tom Dickson
Acct exec, Jim Kaczkowski
Exec vp grp crtv dir, Bob Welke
Vp assoc crtv dir, Donna Speigel
Exec vp media srvcs, Willard Hadlock

185. PEOPLE MAGAZINE CIRCULATION

Time Inc.

	Media investments 1987	1986
Magazines	—	$ 377,000
Natl. Sun. mags.	—	—
Network tv	$ 3,827,200	4,222,000
Spot tv	14,176,900	13,072,200
Network radio	—	—
Spot radio	—	14,600
Outdoor	—	—
Network cable	1,395,800	913,200
Newspapers	531,700	1,114,400
Natl. synd.	—	64,500
Total	**$19,931,600**	**$19,777,900**

Marketing/brand management:
Publr, Don Elliman
Dir mktg & prom, Jim Donoghue
Dir mktg rsch srvcs, Barry Perrin
Circ dir, Lindsay Valk
Agencies: Holland & Callaway, N.Y.
Chmn & copywriter, Ron Holland
Pres, Jim Callaway
Prdcr, Russ Kaiser
Young & Rubicam, N.Y.

186. DOWNY FABRIC SOFTENER

Procter & Gamble Co.

	Media investments 1987	1986
Magazines	$ 184,600	$ 868,000
Natl. Sun. mags.	—	—
Network tv	12,200,400	11,774,300
Spot tv	5,225,500	4,130,700
Network radio	—	—
Spot radio	171,300	17,600
Outdoor	7,200	—
Network cable	399,400	590,800
Newspapers	8,200	12,400
Natl. synd.	1,603,400	1,477,700
Total	**$19,800,000**	**$18,871,500**

Marketing/brand management:
Vp brand mgr, B.L. Byrnes
Agency: Grey Advertising
Exec vp, Neil Kreisberg
Exec vp media & prog srvcs, Alec Gerster

187. LEE ARTIFICIAL NAILS

Lee Pharmaceuticals

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$ 5,999,000	$42,342,400
Spot tv	4,012,600	3,774,100
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Network cable	2,639,100	5,651,800
Newspapers	—	—
Natl. synd.	7,111,700	7,534,400
Total	**$19,762,400**	**$59,302,700**

Marketing/brand management:
President, Ronald G. Lee
Agencies: Lee & Lee Advertising (in-house)
Pres, Ronald G. Lee
Western Media, L.A.
Sr vp dir ntwk prgm, Chuck Bachrach
Vp asst dir ntwk buying, Kathy McGrath

188. FORD TEMPO

Ford Motor Division

	Media investments 1987	1986
Magazines	$ 9,238,500	$ 7,171,700
Natl. Sun. mags.	—	—
Network tv	8,885,800	8,991,400
Spot tv	850,700	515,900
Network radio	—	—
Spot radio	—	—
Outdoor	129,500	18,000
Network cable	234,000	313,000
Newspapers	299,700	186,400
Natl. synd.	26,800	69,500
Total	**$19,665,000**	**$17,265,900**

Marketing/brand management:
Vp gen mgr, T.J. Wagner
Gen mktg mgr, P.M. Novell
Adv mgr, J.B. Vanderzee
Car ad mgr, R.J. Gillooly
Media mgr, R.C. Halseth
Dealer ad mgr, R.W. Lisenby
Parent: Ford Motor Co.
Agency: J. Walter Thompson, Detroit
Exec vp gen mgr, Peter Schweitzer
Sr vp acct dir, Chuck Balestrinto
Sr vp crtv dir, Richard Howting
Sr vp dir mktg srvcs, Robert Gamble
Sr vp brdcst mgr, Ron Frederick
Media dir, Bob Reuschle
Vp car & truck grp media dir, Paul Hunt
Assoc media dir (car), Tom Johnson
Hispanic agency:
Hispania Advertising, N.Y.
Sr vp gen mgr, Caroline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Media dir, Carlos Cintron
Black agency:
Burrell Advertising, Chicago
Sr vp grp dir, C. Curry
Acct supr, Robert Jackson
Sr vp media, Nick Howse
Assoc media dir, Zeline Kelly

189. TYLENOL REGULAR STRENGTH PAIN RELIEVER

McNeil Consumer Products

	Media investments 1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$16,457,800	—
Spot tv	662,000	$ 17,800
Network radio	—	—
Spot radio*	51,100	300
Outdoor	—	—
Network cable	469,800	2,400
Newspapers*	60,900	(No data)
Natl. synd.	1,826,400	12,000
Total	**$19,528,000**	**$32,500**

*M&MD estimates

Marketing/brand management:
Vp mktg, Jim T. Lenehan
Group prod dir, Brian D. Perkins
Prod dir, Tony A. Vernon
Asst prod dirs, E. Klein, K. Ferris, M. Simmons, K. Whittington
Parent: Johnson & Johnson
Agency: Saatchi & Saatchi DFS, N.Y.
Exec vp-grp dir, Thomas Lom
Sr vp mgmt supr, Joe McCarthy
Acct exec, Ellen Rothschild
Asst acct execs, Mike Johnson, Stanley Yorker, Sue Schute
Exec vp dir media oper, Carol Karasick
Vp assoc media dir, Charlie Greenberg
Media supr, Marie Wolpert
Hispanic agency: Mendoza, Dillon & Associados
Vp acct srvcs, Robert L. Howells

190. VANTAGE KING CIGARETTES REGULAR FILTERS

R.J. Reynolds Tobacco Co.

	Media investments	
	1987	1986
Magazines	$11,585,600	$14,530,200
Natl. Sun. mags.	—	3,708,500
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	7,546,000	11,777,600
Network cable	—	—
Newspapers	311,300	2,613,400
Natl. synd.	—	—
Total	**$19,442,900**	**$32,629,700**

Marketing/brand management:
Sr vp brand mktg, J. T. Winebrenner
Grp mktg dir, R. M. Sanders
Brand mgr, H. T. Parks
Grp dir media, D. F. Pearson
Grp mgr media admin, R. E. Neal
Grp mgr media plng, T. J. McCabe
Parent: RJR Nabisco Inc.
Creative agency: FCB/Leber Katz Partners, N.Y.
Exec vp grp mgmt dir, Robert Hirsch
Vp mgmt dir, Angelika Thiel
Acct dir, Dan Howald
Acct execs, Diane Krutan, Sarah Smith

191. LUVS DISPOSABLE DIAPERS

Procter & Gamble Co.

	Media investments	
	1987	1986
Magazines	$ 230,100	$ 2,295,300
Natl. Sun. mags.	—	—
Network tv	13,358,400	10,111,000
Spot tv	5,316,800	3,097,300
Network radio	—	—
Spot radio	64,700	—
Outdoor	17,400	20,200
Network cable	88,100	—
Newspapers	48,500	92,100
Natl. synd.	171,400	530,700
Total	**$19,295,400**	**$16,146,600**

Marketing/brand management:
Paper products division:
Vp brand mgr, Richard R. Nicolosi
Agency: Leo Burnett Co., Chicago
Sr vp acct dir, Mary Bishop
Vp acct dir, Tom Dickson
Acct supr, Anne Dooley
Acct execs, Devon Allison, Doug Porter
Exec vp media srvcs, Willard Hadlock
Vp media dir, Robert Kirkpatrick

192. SAFEWAY STORES

Safeway Stores Inc.

	Media investments	
	1987	1986
Magazines	$ 195,500	$ 1,067,100
Natl. Sun. mags.	—	—
Network tv	—	—
Spot tv	17,496,000	20,144,900
Network radio	—	—
Spot radio	1,113,200	1,444,500
Outdoor	429,400	191,100
Network cable	—	—
Newspapers	(No data)	(No data)
Natl. synd	—	—
Total	**$19,234,100**	**$22,847,600**

Marketing/brand management:
Grp vp dir mktg, Donald J. Smith
Vp adv & prom, Ron Giglio
Agency: Ketchum, San Francisco
Sr vp grp dir, Dianne Snedaker
Acct supr, Zonda Montgomery
Sr vp media dir, Cheryl Kroyer
Pres exec crtv dir, Ken Dudwick
Vp assoc crtv dirs: Carla Krummel, Dave Tyree
Research supr, Jeanne Brown
Vp dir brdcst prod, Debora January
Note: Advertising managers of seven U.S. regional divisions determine media expenditures. Each division employs its own broadcast agency.

193. ALKA SELTZER PLUS COLD TABLETS

Miles Laboratories Inc.

	Media investments	
	1987	1986
Magazines	—	—
Natl. Sun. mags.	—	—
Network tv	$12,368,700	$12,412,800
Spot tv	2,400,000	2,117,300
Network radio	3,612,400	2,821,500
Spot Radio	—	—
Outdoor	—	—
Network cable	566,900	363,000
Newspapers	—	—
Natl. synd.	252,600	36,600
Total	**$19,200,600**	**$17,751,200**

Marketing/brand management:
Vp mktg, Glen R. Fleischer
Grp prod mgr, Gordon E. Compton
Dir media oper, Mitchell B. Streicker
Sr prod mgr, David E. Bachtel
Prod mgr, Barbara D. Kauffman
Agency: Wells, Rich, Greene, N.Y.
Exec vp, John Costello
Sr vp mgmt supr, Ken Manka
Sr vp corp media dir, Bob Geis
Dir N.Y. media oper, Christopher Tinkham
Media grp head, Cheryl Leslie

194. CANON CAMERAS

Canon U.S.A. Inc.

	Media investments	
	1987	1986
Magazines	$ 2,122,600	$ 2,182,300
Natl. Sun. mags.	—	—
Network tv	10,481,500	4,006,400
Spot tv	2,967,200	3,787,500
Network radio	—	—
Spot Radio	—	—
Outdoor	437,900	328,300
Network cable	1,470,700	1,895,300
Newspapers	1,460,500	415,200
Natl. synd.	207,600	—
Total	**$19,148,000**	**$12,615,000**

Marketing/brand management:
Sr vp photo prods, K. Ohyama
Mktg dir, T. Hirasawa
Adv mgr, T. Maruyama
Agency: DCA Advertising, N.Y.
Exec vp dir client srvcs, Michiya Matsuoka
Sr vp grp dir, Frank Savarese
Acct supr, Wataru Komaki
Sr vp dir media srvcs, Steven Naftelberg
Vp assoc media dir, Bernice Rice Gerstein
Sr plnr, Craig Martise

195. SCOPE MOUTHWASH

Procter & Gamble Co.

	Media investments	
	1987	1986
Magazines	$ 699,100	$ 257,100
Natl. Sun. mags.	—	32,800
Network tv	13,430,700	9,836,900
Spot tv	3,971,500	4,727,000

Network radio	—	—
Spot radio	329,100	149,700
Outdoor	80,100	23,300
Network cable	401,000	503,300
Newspapers	—	—
Natl. synd.	107,000	18,300
Total	**$19,018,500**	**$15,548,400**

Marketing/brand management:
Category mgr, Mick Yates
Assoc adv mgr, Gary Fassak
Brand mgr, Gayl Meyermann
Agency: D'Arcy Masius Benton & Bowles, N.Y.
Sr vp grp dir, Norman Sherman
Vp acct supr, Carl Nichols
Acct exec, Tim Kelly
Sr vp media dir, Rich Hamilton
Vp assoc media dir, Mark McLaughlin
Asst media dir, Lee Doyle

196. U.S. MINT COINS

United States Government

	Media investments 1987	1986
Magazines	$ 7,294,800	$ 3,181,700
Natl. Sun. mags.	167,300	395,300
Network tv	7,884,100	16,898,200
Spot tv	652,000	1,883,500
Network radio	—	—
Outdoor	—	—
Network cable	293,600	18,400
Newspapers	2,042,500	269,900
Natl. synd.	664,900	—
Total	**$18,999,200**	**$22,647,000**

Marketing/brand management:
Bureau of the mint:
Dir of the mint, Donna Pope
Dir of mktg, Brian O'Donnell
Asst dir mktg, Daniel P. Cahill
Agency: Grey Advertising, N.Y.
Sr vp, Robert A. Ravitz

197. GENERAL MOTORS CORP. GENERAL PROMOTION

General Motors Corp.

	Media investments 1987	1986
Magazines	$ 7,474,300	$ 9,956,400
Natl. Sun. mags.	94,900	416,100
Network tv	7,031,500	12,931,300
Spot tv	2,044,200	2,670,200
Network radio	537,200	4,139,700
Spot radio	75,100	144,200
Outdoor	—	8,600
Network cable	287,400	189,100
Newspapers	1,361,200	279,800
Nat'l. synd.	70,900	4,200
Total	**$18,976,700**	**$30,739,600**

Marketing/brand management:
Vp mktg & prod plng, J.G. Middlebrook
Exec dir adv & strategic merchan P. Guarascio
Gen dir, media operations, M.A. Browner
Dir adv, D. J. Teasdale
Vp pub rel, J. W. McNulty
Dir pub affairs adv, G. H. Pruette
Sr staff asst (pub affairs), R. Thomas Beaman
Agencies: NW Ayer, Detroit
Public affairs:

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Sr vp mging dir, Robert Kingsbury
Sr vp mgmt supr, Richard Prince
Vp media dir, Randall Schroeder
Assoc media dir, Rick Doyle
Minority marketing agency: Mingo-Jones, N.Y.
Acct supr, Bill McGugins
Media dir, Don Harris

198. LISTERINE ANTISEPTIC MOUTHWASH

Warner-Lambert Co.

	Media investments 1987	Media investments 1986
Magazines	$ 76,900	$ 221,900
Natl. Sun. mags.	—	—
Network tv	11,783,700	13,793,800
Spot tv	2,441,600	2,623,600
Network radio	1,573,000	—
Spot radio	396,000	913,000
Outdoor	—	—
Network cable	34,400	—
Newspapers	—	—
Natl. synd.	2,514,200	598,300
Total	**$18,819,800**	**$18,150,600**

Marketing/brand management:
Vp mktg & brand mgmt, Russ Moran
Category dir, Lynne Millheiser
Sr prod mgr, Chip Horner
Asst brand mgr, Glenn Deutsch
Agency: J. Walter Thompson, N.Y.
Sr vp grp dir, Jack Morrissey
Sr vp acct dirs, Jeremy Birkbeck, Peter Leinroth
Exec vp U.S. dir media srvcs, Richard Kostyra
Vp assoc media dir, Ronnie Beason
Media supr, Mark Stewart
Minority Agency: Hispania Advertising, N.Y.
Sr vp grp dir, Caroline Demy
Vp acct supr, Marta Perdes-Gerdes
Acct supr, Andre Doren
Acct execs, Crichton Adams, Ivan Pichardo
Media dir, Carlos Cintron

199. DEXATRIM REDUCING CAPSULES

Thompson Medical Co.

	Media investments 1987	Media investments 1986
Magazines	—	$ 73,100
Natl. Sun. mags.	—	—
Network tv	$10,483,700	7,831,700
Spot tv	2,863,600	2,449,700
Network radio	—	—
Spot radio	—	67,501
Outdoor	—	—
Network cable	2,371,500	736,300
Newspapers	22,000	—
Natl. synd.	3,030,700	766,600
Total	**$18,771,500**	**$11,924,900**

Marketing/brand management:
Sr mktg mgr, Kelly Kaplan
Media dir, Pamela Edelstein
Asst mktg mgr, Alison Mann
Agency: Laurence, Charles, Free & Lawson, N.Y.
Sr vp grp dir, Al Magnane
Vp acct supr, Cheryl Rego
Acct exec, Betsy Copage
Sr vp media, Janice Clements
Media supr, Margie Hauer

200. PEARLE VISION CENTERS

Grand Metropolitan PLC

	Media investments 1987	Media investments 1986
Magazines	$ 328,900	—
Natl. Sun. mags.	—	—
Network tv	3,471,000	$ 7,392,500
Spot tv	13,737,900	8,550,400
Network radio	—	—
Spot radio	580,700	660,300
Outdoor	11,800	107,800
Network cable	561,100	529,200
Newspapers	(No data)	(No data)
Natl. synd.	—	—
Total	**$18,691,400**	**$17,240,200**

Marketing/brand management:
Sr vp mktg, Joseph T. Dono
Mktg dir, Debra L. Tippett
Dir field mktg, Randy Henry
Mktg mgr, Sara Sampson
Dir plng & dev, Phillip Suttle
Agencies: Foote, Cone & Belding, Chicago
Sr vp grp dir, Joan Black
Vp acct dir, Bob Kubis
GSD&M, Austin, Texas
Vp acct dir, Steve Braasch

Sources

Consumer magazines and national Sunday magazines: Data summarized from the PIB Magazine Analysis prepared by Leading National Advertisers Inc. (LNA) of actual linage run in those publications. Expenditures are based on current one-time gross rates before discounts. Rates for national full-run insertions are based on ad size and coloration. Rates for regional and less than full-run insertions are determined by LNA editors based on circulation and rates supplied by the magazines. Covered are more than 150 consumer magazines and three national Sunday magazines, plus tear sheets of over 1,500 regional editions a year.

Network tv and network radio: Data secured by Broadcast Advertisers Reports (BAR), which monitors all network broadcasts except those of the Mutual Radio Network. Material is collected on audio tape and then translated into a sequential listing. Network tv and network radio rates are based on estimates provided by the three networks of per-minute cost for time and talent.

Spot tv: Data secured by Broadcast Advertisers Reports (BAR) from listening posts in 75 top markets that monitor 319 stations for one week each month. These weekly records are projected to estimates of monthly spot tv usage. Spot tv rates are applied from a station rate deck that is constantly updated by agency buyers.

National syndication: Broadcast Advertisers Reports (BAR) monitors the principal satellite transponders that carry syndicated shows 24 hours a day. BAR estimates brand expenditures by assigning an estimated national rate to each program, and applying that rate to each brand commercial that is monitored.

Outdoor: Data are based on information submitted to Leading National Advertisers (LNA) at the request of the Institute of Outdoor Advertising by outdoor plant operators in markets of 100,000 population or over. Covered is about 80% of total national outdoor advertising expenditures.

Brand dollar estimates are retabulated by *Decisions* by major brand name from the data just described. The brand data in greater detail is also available from each of the organizations that compile the data.

Spot radio: Data generated by Radio Expenditure Reports (RER) are calculated from a sample of 2,500 stations in 200 markets. RER's sources are 15 leading radio reps handling station groups that supply quarterly computer runs of the spots aired by station, by market, and by brand of product spots aired.

Outdoor: Data are based on information submitted to Leading National Advertisers (LNA) at the request of the Institute of Outdoor Advertising by outdoor plant operators in markets of 100,000 population or over. Covered is about 80% of total national outdoor advertising expenditures.

Newspapers: Data compiled by Media Records, which measured every ad in 184 daily and Sunday newspapers. Actual linage is multipled by the applicable one-time general open-line rate. Dollar estimates include newspaper supplements, color comic sections, rotogravure, all color ads.

STOP
TALK
MODE
START

SILK SCREEN BY GREG RADICH

JUST THE FAX, PLEASE

As prices of facsimile machines drop, demand has soared. Watch out, Federal Express.

by Pamela Ellis-Simons

Jim Farnum has gone fax-happy. As president of Formsware Management Systems in South Pasadena, Calif., Farnum was spending about $200 a month at the local Federal Express office, sending and receiving proofs for his printing business. But since getting a facsimile machine, Farnum has lopped $150 off his monthly shipping bill, leaving the expensive courier service for high quality resolution proofs and color materials that faxes can't handle. Plus, Farnum has figured out another handy use for the fax: He sends handwritten thank-you notes to his contacts at client companies, what he calls a "hard-copy version of a phone call" and a real sales tool. Faxes are still novel enough to "boost that person's importance in front of co-workers," says Farnum, "and it makes the contact more than willing to work with you again."

That novelty factor, though, is fast wearing off. Suddenly, facsimile machines, which some people still can't pronounce without sounding it out, are the newest thing in office chic. Ads for the compact boxes, some with trimline phones, are cropping up in all the business magazines and newspapers. And fax numbers are fast becoming a status symbol on your business card — the smaller the business, the better.

In 1985, 157,000 faxes were sold at a grand sum of $500 million, says Dataquest, Inc., a San Jose, Calif., high-tech marketing-research firm. Last year, almost 500,000 units were sold at what some value a $1 billion market. Fax associations and directories are

INTRODUCING
THE LITTLE BIG FAX.
THE AGE OF THE HOME OFFICE HAS FINALLY ARRIVED
LASER FAXABILITY!
Canon

Print remains the dominant ad medium in current advertising efforts for fax entries.

> **“Because it's new, the fax market is not a market-share situation yet.”**
>
> ***William Marks***
> ***Toshiba account director, Foote, Cone & Belding***

springing up in support of this new small-office fad. Junk mail delivered by fax is already a nagging problem.

The installed base of fax is still miniscule at under one million units, but manufacturers are jumping on a sure thing before it gets away from them. From less than 15 manufacturers in 1985, the fax industry now has swelled to over 35 vendors who are crowding in with everything from portables to fax peripherals for computers. Even the personal fax's grandfather, the huge, high-volume office facsimile, is getting new features like laser printers and plain (instead of slick) paper.

But the market frenzy is taking its toll. Facing overcrowded conditions and seeing prices slashed to the bone, many companies are beginning to target a section of the industry with an aggressive marketing strategy. Some are raising prices on their higher-end machines, leaving the low end to other players. As Julie Weiss, an analyst at Dataquest, puts it, "The shotgun-marketing approach is coming to an end."

Adds Jane Pirani, an analyst with CAP International, a market-research and consulting firm located in Marshfield, Mass., "Fax took off almost in spite of itself because of its price and also word-of-mouth. No company was as strong a marketer or advertiser as it should have been."

The top four manufacturers spent only about $7.4 million last year on advertising, or two thirds of the industry total, according to Leading National Advertisers (LNA). And though sales to the growing number of people working at home look promising, vendors seem to be waiting for a real consumer name to legitimize that market, says Weiss. Complains Raymond Navarrete, personal- and home-electronics buyer at New York's Crazy Eddie's retail chain, "I don't think the manufacturers fully implemented an advertising program to tell the consumer about fax. I don't think they fully grasp yet where this market could go."

Indeed, the public's sudden obsession with high-speed, over-the-phone-line transmission of copies caught manufacturers off guard. What happened was the arrival of new, user-friendly technology along with a rather hefty price drop. Ten years ago, the office fax machine cost a budget-wrecking $7,500 to $10,000 and took an interminable three minutes to send one page. In the early 1980s, a few Japanese manufacturers introduced advanced circuitry that reduced the size of fax machines and dropped the price to as low as $800.

"In this day and age, people want it now, not next week," explains Jon Plet, manager of advertising and public relations for the Panafax Corp., the Matsushita Electric Corp. of America division. Plet, whose company markets a full line of fax machines, says he finds the fax indispensable when dealing with his own advertising agency. He can approve or make quick changes on layouts and copy merely by sending pages of graphics or print via the telephone line to a fax machine in his agency's office. "It comes down to volume," he says. "You send one document from Los Angeles to New York a week, and it costs $9.50 or $10 by Federal Express — or one minute by phone for fax, plus the tax advantage of owning the equipment."

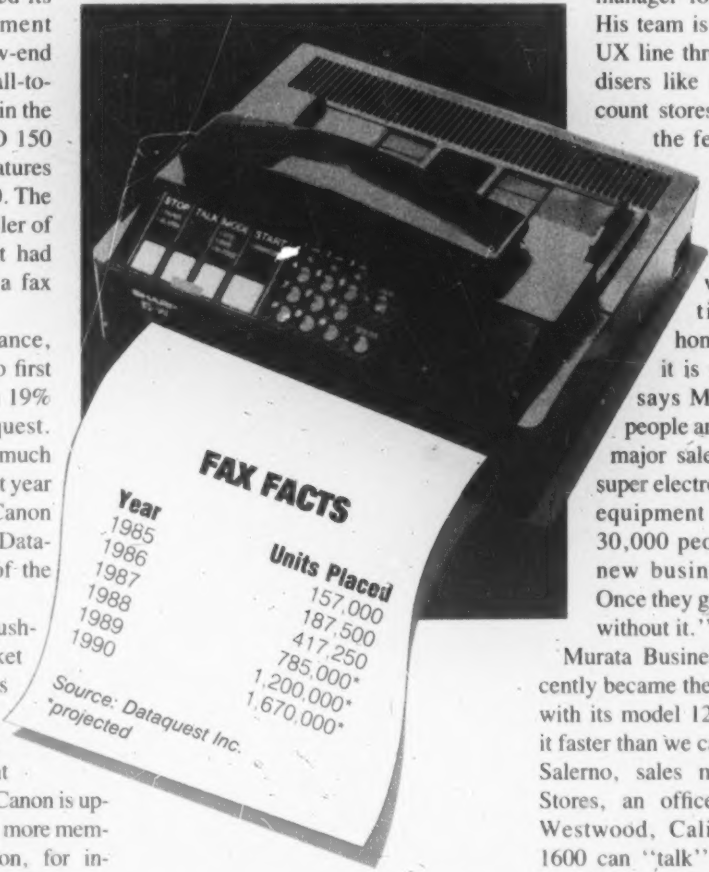
Wide distribution has been the key to early success. The Ricoh Corporation, one of the companies that created and developed the modernized fax, quickly reigned as market leader in the early '80s, selling $4,000 faxes to medium and large offices via its direct salesforce. Canon shook up the industry by pioneering the lower-priced fax in 1986 and targeting the small business and home-office user. It distributed its $1,995 Faxphone 10 model to electronic outlets like The Sharper Image, as well as office-equipment dealers like Sears Business Centers.

But the home office was not ready for the fax at that price. Last year, Sharp Electronics Corp. blanketed its very strong office-equipment dealer network with two low-end machines aimed at the small-to-medium-size office. Priced in the same $2,000 range, the FO 150 and FO 210 offered more features than the Canon Faxphone 10. The FO 210 became the best-seller of the year as businesses that had never been able to afford a fax snapped them up.

Thanks to that performance, Sharp jumped from sixth to first place in the industry with a 19% share, according to Dataquest. Despite spending twice as much as its closest competitors last year (based on LNA figures), Canon remains in third place in Dataquest's tally with 11.5% of the volume.

Now manufacturers are pushing into this low-end market with new products, such as late-comers Olivetti and Olympia, which are filling out their office-equipment lines with faxes Meantime, Canon is upgrading its Faxphone 10 with more memory for delayed transmission, for instance. In August, the company plans to unveil the Faxphone 25, with 16 shades of grey for better picture copying.

Some companies are clearly more aggressive than others. Toshiba America, Inc., which formerly made faxes for other company labels, spent almost as much money as some industry leaders on ads last year, says Eric Doescher, account supervisor at Sharp's agency, Stevens & Buchsbaum in New York. "They and Panafax will probably be strong players in 1988. Ricoh [currently the second-largest seller] is not as aggressive as the others, considering its former leading position. And if faxes get below $500, you will see a different level of player, like a Brother, which does well at those price points," he predicts.



FAX FACTS

Year	Units Placed
1985	157,000
1986	187,500
1987	417,250
1988	785,000*
1989	1,200,000*
1990	1,670,000*

Source: Dataquest Inc.
*projected

Fujitsu, Xerox, Pitney Bowes, NEC and others are slugging it out on the high end, trying to get high-volume fax users to upgrade to laser printers or regular paper. Almost all of their efforts are through direct salesforce visits to major corporations, many of which may be interested in setting up networks or hubs. Xerox, which just expanded its Japanese-made line into the low end, is leading the drive to plain-paper fax. So far, the market for these $8,000-and-over machines is slow. Pitney Bowes, fourth in sales volume this year, created a fax that interfaces with a computer. The company also differentiates itself by focusing on leasing and rentals.

At the same time, the industry leaders are targeting the home office with new rock-bottom-priced fax models. In general, these so-called personal faxes don't have high-volume features like automatic page feeders or the ability to speed-dial many locations. Canon introduced a bare-bones Faxphone 8 last month, priced at $1,295 — "a plain-vanilla model," says Joseph C. Casciana, marketing assistant at Canon USA Inc., Lake Success, New York. "We are trying to target the newcomer, the person who works at home and needs a quick way to send and receive documents."

Sharp created a new division to market personal faxes to the home last year, says Dennis McLaughlin, national sales manager for copiers and faxes. His team is selling a low-priced UX line through mass merchandisers like department and discount stores. Its newest model, the few-featured UX 50, retails for only $999.

"There are 23 million people working part- or full-time out of their homes, and that's where it is all funnelling into," says McLaughlin. "These people are not called on by the major salesforces. They go to super electronics stores or office-equipment distributors. Up to 30,000 people are opening up new businesses each month. Once they get a fax, they can't do without it."

Murata Business Systems, Inc. recently became the low-low end darling with its model 1200. "We are selling it faster than we can get it," says Chris Salerno, sales manager at Freeway Stores, an office-machine dealer in Westwood, Calif. Murata's model 1600 can "talk" to older-technology machines, unlike most in the bare-bones segment. It also features an over-the-phone diagnostic capability. "They're really trying to capture that low end of the market," says Salerno. "Sharp sales have all but halted since we got Murata."

Many retailers think fax prices will drop much farther, with the machines becoming as affordable as telephones or answering machines. In fact, some believe the next wave of telephone-answering machines will include faxes. The players are at least in place. Panasonic is retailing a home-office fax through its retail telephone division. The KX-F 120 sells for $1,395. Brother, Toshiba, Pactel and Northwestern Bell are expected to be strong players in this low-price segment.

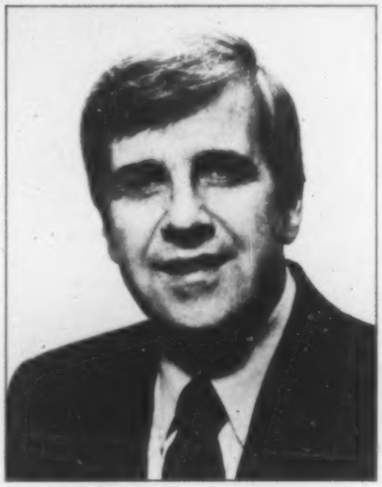
Some dealers, however, are angry because after years of hard work, they are suddenly competing against discount houses in the vendors' struggle to gain wide distribution. Freeway Stores, which had been selling the Murata 1200 for $1,245, was forced recently to drop the price to $849 to match local discounters. Many vendors try to separate their lines, giving retailers the low-low-end machines and dealers the option to carry these inexpensive models along with their small-office machines. Other dealers like Ricoh and Fujitsu delayed entry into the home market entirely to minimize conflict.

But sources note that unauthorized dealers are getting both lines and the pricing competition is dog-eat-dog. "There's a real shakedown in pricing now," says Salerno, who adds that a lot of these dealers do not provide service. A 25% markdown on suggested retail is common, say dealers, and a 5% profit is not unreal.

As the industry targets the end-user, however, corporate advertising is becoming more visible. "Ad support will be an important factor," says Sharp's McLaughlin. "Fax are like the VCRs or microwaves of yesteryear."

Ironically, it was Federal Express, the courier service that stands to lose business because of fax machines, that first advertised fax to the consumer in 1984. Tv ads pushed ZapMail, their two-year-old service that delivered faxed information between customers. ZapMail failed, says a Federal Express spokesman, because the very sophisticated machines made it too uneconomical for the slow volume. "We like to think we were ahead of our time," the spokesman deadpans.

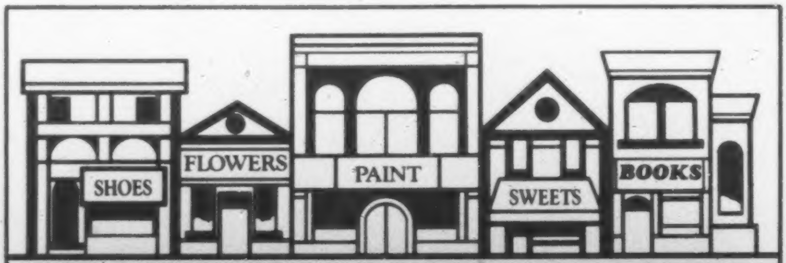
Advertising fax is still so new that the industry is split on whether to stress broad benefits or focus on features. Sharp's consumer unit, which is considering placing ads on the Financial News Network, pitches its UX line as a fax, a phone and a copier with an unusual flat-bed screen for duplication from books. Fax machines also play a part in Sharp's current $12 million corporate campaign. Canon uses *Business Week* and the *Wall Street Journal* to stress its features. Most everyone, however, avoids using high technology in their ads. "It could be dangerous because it could turn the reader off," warns Panafax's Jon Plet.



> "Some 23 million people work full- or part-time in their homes."
>
> *Dennis McLaughlin*
> *National sales manager,*
> *Sharp Electronics Corp.*

Media is mostly print, but ads are moving gradually from trade publications like *Modern Office Technology* to consumer books like *Business Week*, *Inc.*, *Money* and in-flight magazines. Toshiba has used demographic editions of *Newsweek* and *Time* with some good results. "We try to focus on the primary benefit — speed," says William Marks, account director at Foote, Cone & Belding in Los Angeles. "A lot of the companies are concentrating on features." Toshiba's ad is a diagram of a toy wagon with the copy, "This wagon crossed the Rockies in seconds." The target reader is the executive who might use the fax, called "the category recommender," not the office-equipment purchaser, says Marks.

Sharp's business unit agrees that the industry is too new for ads stressing features to work. "That assumes a certain



Kiwanis Magazine Can Increase Your Coverage Of Small Business

KIWANIS magazine delivers a unique, quality audience of top executives, small business, professional and community leaders.

Median Company size is 36 employees.*

79.3% make purchasing decisions/have purchasing influence for their firms.

50.4% for computer hardware/software/services
44.6% for copiers/duplicating equipment
51.4% telephone/telecommunications
58.9% office supplies/typewriters/furniture
40.0% word processing equipment/services

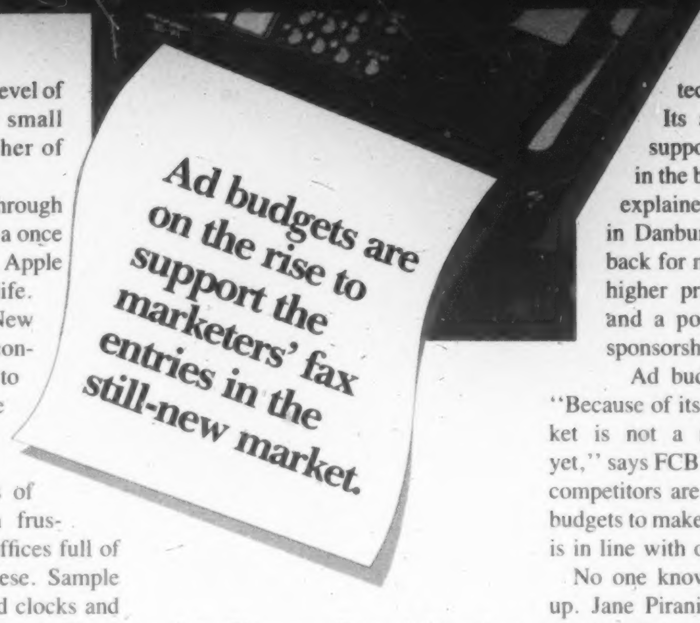
*Source: A.C.M.S., 6/87 "Readers in Business"
Complete Subscriber Study Report available upon request

For additional information, call or write:
Advertising Dept., Kiwanis International, 3636 Woodview Trace, Indianapolis, IN 46268
Phone: 317/875-8755 Telex: TWX 810-341-3471 FAX: 317/879-0204

basic knowledge, and the level of basic knowledge is very small right now," says Doescher of Stevens & Buchsbaum.

Very few ads are breakthrough ads like those that pitched a once unknown machine from Apple Computer into everyday life. Pitney Bowes, through New York agency Venet and a considerable ad budget, tries to use humor to differentiate its product and sell itself as "First in Fax." In 1986, it started its series of animal ads, focusing on frustrated businessmen with offices full of crocodiles, puppies or geese. Sample copy goes "If you ordered clocks and you got crocs . . . you need Pitney Bowes fax." The company, which only sells through its direct salesforce, nevertheless has had good luck experimenting with unconventional media, says Kathleen Ryan, manager of marketing programs. Pitney Bowes used vertical market publications like *ArtNews* and test-marketed ads on cable networks, including CNN, ESPN and the Discovery Channel. Now they are experimenting with radio and local newspapers.

Some companies are merely trying to get their name better recognized in the fray. Newcomer Fujitsu, "The best kept secret in the United States," laughs Bill Reeves, director of product marketing, is trying to get across its company's strong computer and high technology background. Its ads stress service and support, like the profile ad in the business magazines that explained "How Fujitsu's man in Danbury keeps them coming back for more." It plans a much higher print presence next fall and a possible sporting-event sponsorship.



Ad budgets are on the rise to support the marketers' fax entries in the still-new market.

Ad budgets are sure to rise. "Because of its newness, the fax market is not a market-share situation yet," says FCB's Marks. "We and our competitors are just increasing our ad budgets to make sure our share of voice is in line with our goals."

No one knows for sure how far is up. Jane Pirani of CAP International predicts that as prices of the fax drop, more and more will have to be sold to keep revenues growing. "At the low prices, it is getting more difficult to make money," she says. Weiss at Dataquest, however, believes that should someone like a Phonemate get into the lower end of the market and drop prices to $500, "there's no stopping the growth." ■

If arthritis is just minor aches and pains, why is it the number one crippling disease in America?

There's nothing minor about arthritis. It hurts and cripples more Americans than any other disease. It affects one in every seven people, one in every three families. And every year the debilitating effects of arthritis drain the American economy of over 14 billion dollars.

Something should be done about arthritis.

Something is being done about arthritis.

The Arthritis Foundation is the only voluntary health organization fighting arthritis on every front. We sponsor research, self-help programs, and education for medical professionals and the public.

We need your help.

Contact your local chapter or write: Arthritis Foundation, Department A, P.O. Box 19000, Atlanta, GA 30326.

IT'S TIME WE TOOK ARTHRITIS SERIOUSLY. ARTHRITIS FOUNDATION

POINT/COUNTERPOINT/

AGENCY SERVICES: A SHOPPER'S GUIDE

FULL-SERVICE SATISFACTION

We at Ford Parts and Service Division believe that a full-service agency serves our purposes and objectives very well.

The full-service agency has a number of advantages. Specifically, it provides us with a sense of partnership and a cohesive strategy and execution that would not be present if we were to diversify and use different companies for creative, buying, etc. With the full-service agency, we believe communications are improved and egos are reduced. The right hand knows what the left hand is doing, and there is no subsidiary stigma among separate companies. This is accomplished efficiently with agency personnel who become our marketing partners.

These marketing partners become thoroughly absorbed in our business (due to the confidential nature of business, being able to limit the number of people involved is also an advantage) and are able to anticipate our requirements, make concise recommendations and develop initiatives across disciplines that would not be possible with separate companies.

It is almost an intangible feeling, but the full-service agency does provide a sense of continuity beyond the establishment of strategy and execution of the creative. There is a sense of commitment to our total organization and the entire scope of our marketing activities. It is a given that the parts all form a program. It is part of their responsibility, as well as ours, to approach business that way.

A full-service agency also enables us to focus on doing versus talking or explaining. The complexity of our business requires particularly efficient communications, while the demands of our business don't give us a great deal of time to spend on internal communications. The full-service agency accepts the responsibility as our partner to reinforce and execute our plans and strategies in this environment, and they execute effectively due to their familiarity with our business. The agency briefs its separate departments, saving our department valuable time.

Our full-service agency has also moved beyond just advertising and provides additional capabilities that help us take full advantage of new developments and changes in an imaginative and coordinated manner. It is in a very effective position to absorb these new developments across their different departments, evaluate them for our purposes and recast them into intrinsic plans and recommendations in a very timely fashion. It is very adaptable as our environment changes, and such comprehensiveness and broad understanding equals added value for us.

In net, our particular business operates at its highest efficiency when we are working with a full-service advertising partner.

Al E. White is the advertising and sales-promotion manager for the parts and service division of the Ford Motor Company. Current agency is Ogilvy & Mather.

OUR READERS TELL US. . .

In a random poll of client-side readers, conducted by Research USA, Chicago, nine in 10 respondents report their agencies offer support services, but these marketers are split on whether one-stop shopping offers any advantages. (Base = 110, unless otherwise indicated)

1. Does your advertising agency offer any ancillary marketing services, such as sales promotion, direct marketing or public relations?

Yes	91.8%
No	8.2%

If "Yes," which of the following are offered by your agency? (Check all that apply.)

Sales Promotion	77.2%
Marketing Research	77.2%
Public Relations	68.3%
Direct Marketing	65.3%
Management Consulting	25.7%
None of these	0

Base = 101

2. Which of these services is most

MULTIPLE-OPTION OPPORTUNITIES

For some time, full-service advertising agencies have offered support services to their clients — public relations, direct marketing, yellow-pages advertising, event marketing, sales promotion, etc. The trend to "selling" these services through subsidiary units or stand-alone associated agencies is increasing. Consolidated resources — "one-stop shopping" — can offer considerable advantages to those clients who, for example, seek totally integrated communications programs or wish to maximize their agency position by consolidating budgets. But for those who generate and manage non-advertising marketing-communications activity internally, using a range of independent "suppliers" can offer real advantages.

First, the option offers flexibility, allowing the client to utilize any combination of resources that is appropriate to meet the challenge and to get a fresh and different perspective from each.

Second, it offers "niche" experience to provide specific expertise to market in, for example, a new distribution channel or new product category. A knowledgeable expert can help you find that unique idea, specialized tactic or innovative combination of traditional activities that works.

Third, there are efficiencies. Using independent resources can often be more cost efficient and time efficient.

Fourth, there is specific expertise to fill in the gaps of experience, like sports marketing, that you and your advertising agency's resources lack. Many advertising agencies do not have the broad range of experts needed to meet every challenge. Full service doesn't necessarily mean total service.

Finally, shopping around offers the choice to utilize resources on a project basis, contractual basis or any combination.

The objective of utilizing outside resources is to help you build the highest level of quality, creativity and effectiveness into your marketing-communications programs. For many companies, "multi-stop shopping" can be the better alternative.

Elizabeth A. McMahon is manager of corporate marketing communications for 3M.

beneficial to your firm? (Check all that apply.)

Marketing Research	46.3%
Sales Promotion	43.6%
Direct Marketing	32.7%
Public Relations	32.7%
Management Consulting	12.7%
None of these	10.9%

How often does your firm use these services?

Always	8.2%
Frequently	45.5%
Sometimes	24.5%
Rarely	13.6%
Never	5.5%
No Answer	2.7%

4. Does one-stop shopping for these services save your firm money?

Yes	35.5%
No	59.0%
No Answer	5.5%

5. Do you feel it is better to go outside the agency and solicit services on a deal-by-deal basis?

Yes	53.7%
No	43.6%
No Answer	2.7%

6. Do you feel that agencies that do not offer these services will be left behind?

Yes	45.5%
No	51.8%
No Answer	2.7%

7. Do you believe that the trend of packaging services will heighten conflict of interest between clients?

Yes	30.0%
No	64.5%
No Answer	5.5%

SALES PROMOTION

by Russ Bowman

1987: THE YEAR IN PROMOTION

While very few segments of the marketing spectrum actually declined in 1987, many experienced reduced annual growth ('87 versus '86) compared to their usual track record. Total advertising expenditures increased by 7.4%, according to McCann-Erickson's annual report, prepared by senior vice president Robert Coen. And although sales promotion's rate of growth was somewhat greater than that of advertising, promotion's 9% growth for '87 was considerably less than its recent growth history. (It is important to note that the slower year of promotional growth was atypically affected by the decline in expenditures for meetings and conventions −4% in 1987. An expenditure comparison of 1987 with 1986 without the meetings-and-conventions category shows promotion ahead by 14%.)

Of interest to consumer product/service companies is the very low rate of increase, and in one case decline, for those media segments funded by national brand/service budgets. Specifically, network tv was up only 1.9%, women's magazines up only 1.3%, national newspaper space up by 3.5% and spot radio down by 1.3% in 1987.

One theory is that the higher ad revenue growth for some regional/local advertising is the result of manufacturers shifting budgets to local/regional space/time. Local advertising in news-

A

	1987 $(000,000)	% OF TOTAL	+ % vs. 86
ADVERTISING			
Television	$22,470	36%	+ 6%
Radio	7,061	11%	+ 4%
Business Publications	2,458	4%	+ 3%
Consumer Magazines	5,047	8%	+ 5%
Newspapers	24,318	39%	+ 11%
Farm Publications	196	0%	+ 2%
Outdoor	1,025	2%	+ 4%
TOTAL	$62,575	100%	+ 7%
SALES PROMOTION			
Direct Mail	$19,611	17%	+ 14%
POP/Display	15,696	14%	+ 18%
Premiums & Incentives ***	15,588	14%	+ 11%
Meetings & Conventions	32,869	28%	− 4%
Trade Shows & Exhibits	6,704	6%	+ 8%
Promotional Advertising	9,420	8%	+ 17%
Print/AV/Misc.	10,826	9%	+ 16%
Coupon Redemption	5,086	4%	+ 12%
TOTAL	$115,800	100%	+ 9%
GRAND TOTAL	$178,375		+ 8%

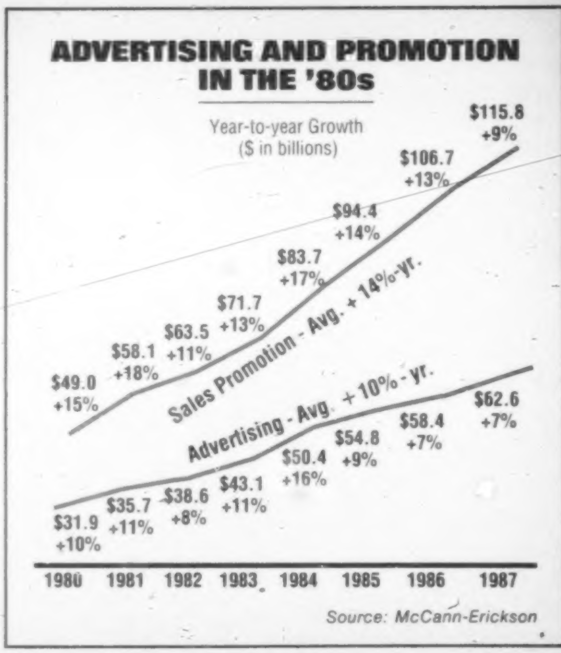
* Actual calculation — less than 1% — 1% used to round-off

** Less than 1% growth

*** Includes Sweepstakes & Contests

Source: McCann-Erickson; Promotion Databank; Russ Bowman

B



ADVERTISING AND PROMOTION IN THE '80s

Year-to-year Growth ($ in billions)

Source: McCann-Erickson

papers, for example, grew to $25.9 billion in '87, a growth of 9.8%.

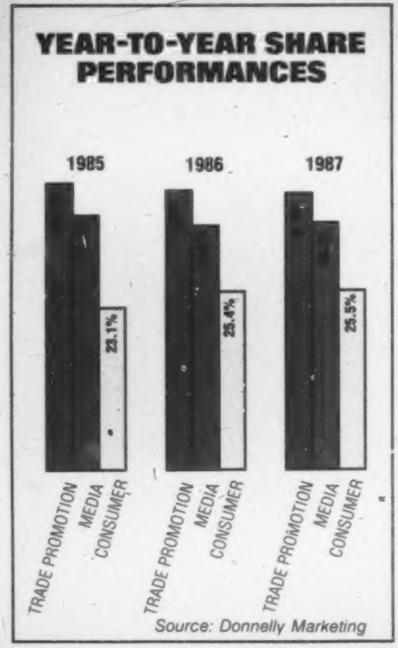
Donnelley Marketing's annual "Survey of Promotional Practices" shows, overall, consumer promotions gaining share, media expenditures growing slightly and trade promotion experiencing a decline. When firms with over $1 billion in annual sales volume are broken out, however, they show promotion in general growing at the expense of media advertising (see Charts C and D).

Donnelley's survey also keeps an eye on trends in the use of various promotion techniques. In this case, the three-year figures showing percent of companies that say they use different techniques indicates an upward trend for coupons and a corresponding decline for sweepstakes and contests. (See Chart E.)

One of the largest segments of the promotional arena that had been included consistently over the years in this report is meetings and conventions, as analyzed by *Meetings & Conventions* magazine's research department. Although the number of meetings and conventions increased from 903,740 in 1985 to 1,001,600 in 1987 (+11%), expenditures declined to $32.8 billion in 1987, due at least in part to more aggressive negotiating with hotels and suppliers by meeting planners. Additionally, a decline in expenditures is a result of many companies attending about the same number of conventions, but sending fewer delegates. Spouse attendance also has dropped, from 5.6 million in 1985 to 4.8 million in 1987.

ILLUSTRATIONS BY JENNY ADAMS

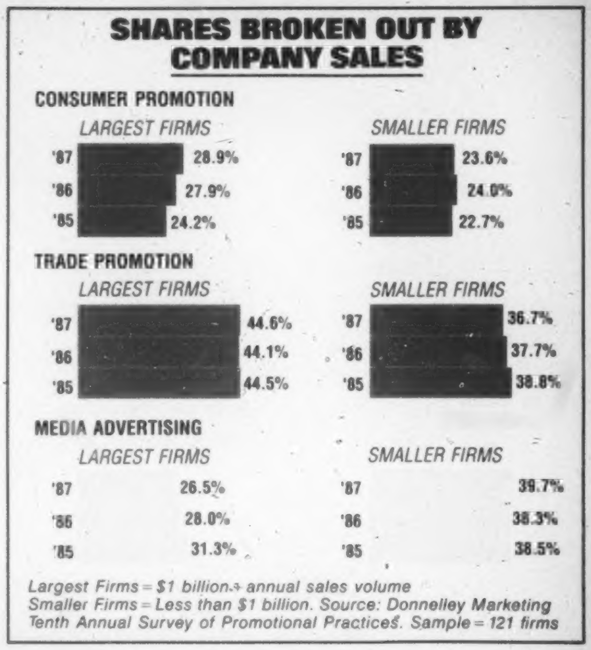
C



YEAR-TO-YEAR SHARE PERFORMANCES

Source: Donnelly Marketing

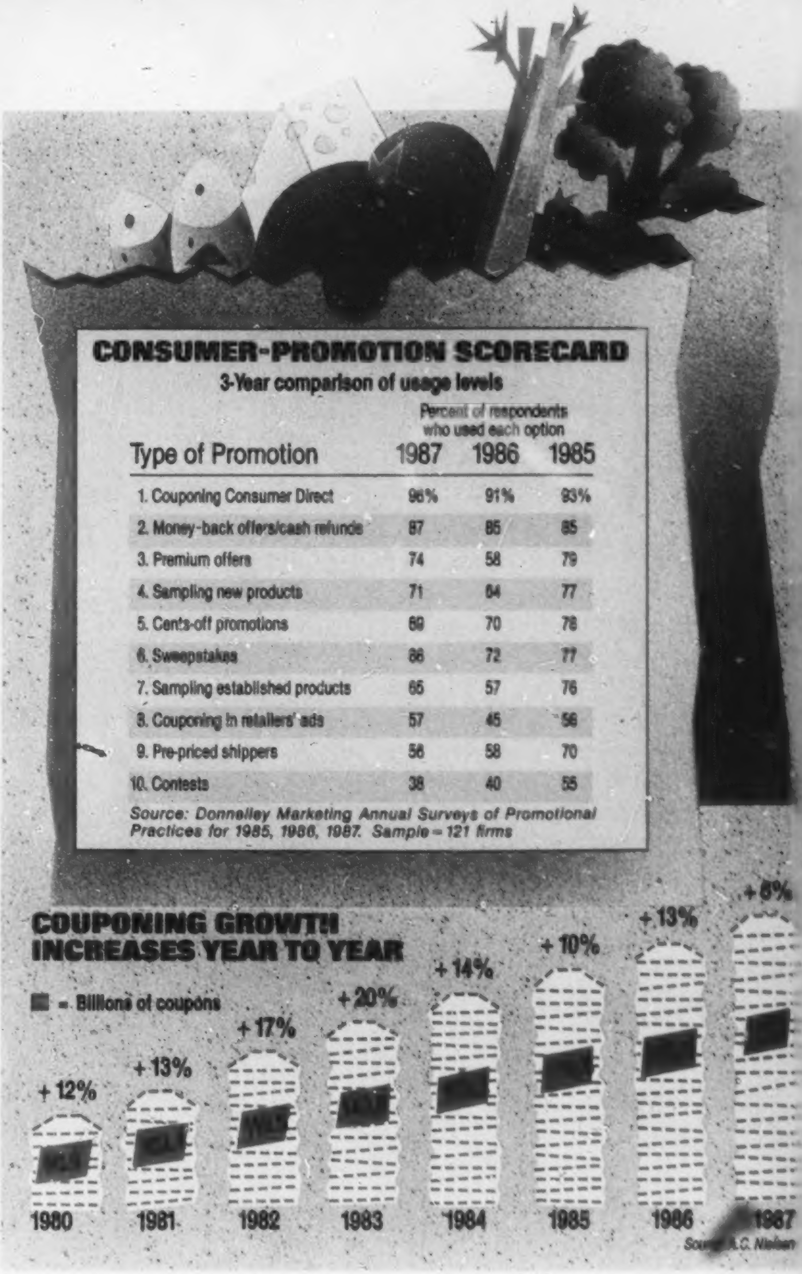
D



SHARES BROKEN OUT BY COMPANY SALES

Largest Firms = $1 billion + annual sales volume
Smaller Firms = Less than $1 billion. Source: Donnelley Marketing Tenth Annual Survey of Promotional Practices. Sample = 121 firms

SALES PROMOTION



CONSUMER-PROMOTION SCORECARD

3-Year comparison of usage levels

Type of Promotion	Percent of respondents who used each option 1987	1986	1985
1. Couponing Consumer Direct	96%	91%	93%
2. Money-back offers/cash refunds	87	85	85
3. Premium offers	74	58	79
4. Sampling new products	71	64	77
5. Cents-off promotions	69	70	78
6. Sweepstakes	66	72	77
7. Sampling established products	65	57	76
8. Couponing in retailers' ads	57	45	56
9. Pre-priced shippers	56	58	70
10. Contests	38	40	55

Source: Donnelley Marketing Annual Surveys of Promotional Practices for 1985, 1986, 1987. Sample = 121 firms

COUPONING GROWTH INCREASES YEAR TO YEAR

Source: A.C. Nielsen

Couponing reported its lowest year-to-year distribution growth in years during 1987 (+6%), although due to increases in servicing costs and increased face values, expenditures for redemption, handling and related costs were up to slightly to over $5 billion.

The slower growth in total coupons distributed can be explained in two ways: First the surge in couponing due to new companies and even new industries (i.e., fast food) getting on the bandwagon has now declined; and second, there is a trend to more selective, better targeted couponing (fewer coupons distributed to better prospects). Couponers may well be placing more emphasis on quality over quantity (see "Sales Promotion," June 1988, pg. 152). Once again, free-standing inserts (FSIs) dominated the couponing stream, with 73% of all coupons distributed in 1987.

Premiums and incentives (which include sweepstakes and contests in this report) increased in 1987, according to both this report's analysis and the annual report by *Incentive Marketing*. The magazine reports total expenditures for 1987 (see Chart H) were 6.3% over 1986, as compared to a 2.9% growth over 1985. Significantly, one of the key growth categories in the premium field seems to be consumer premiums. After a flat year in 1986 (+1.6% over 1985), consumer premiums increased to $3.9 billion in 1987 (+6.5% over '86).

Industries with greater growth in incentive spending than the overall 6.3% average included toiletries and cosmetics, auto parts and tires, electronics, petroleum products and beer/soft drinks.

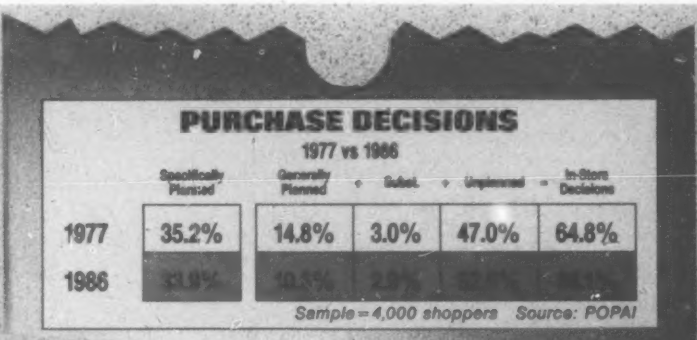
The point-of-purchase business continues to gain as the balance of power shifts more and more toward the retailer. Considering the struggle for new product shelf space and the documented increases in impulse purchases (including brand purchase decisions that are made right in the store), it's not surprising that product and promotion managers are spending more of their time and money on better material and placement at "point-of-sale." The Point of Purchase Advertising Institute (POPAI) estimates their industry's expenditures increased by 17-18% in 1987, not quite as great a gain as the +20% reported last year (1986 over 1985) but still very healthy growth by any measure. POPAI's purchase-decision survey shows total in-store decisions slightly greater in 1986 versus their original study in 1977 (66.1% versus 64.8%). However, the percent of unplanned or impulse purchases in the more recent study was significantly higher than POPAI's 1977 study (53% versus 47%).

As reported in last year's annual study, the fastest growing category of point-of-purchase may well be the contracted in-store advertising group of established and emerging companies.

Act Media, which established shopping carts as a new national medium, now has some competition from Stratmedia offering ads on shopping carts in mass merchandisers such as K mart and chain drug stores, from Stratmar Systems in Port Chester, N.Y. And POP Radio continues to gain presence in food stores, adding to their well-established footholds in drug outlets. Now a Canadian firm, POPMedia, plans to introduce large electronic, computerized LED signs in American supermarkets in 1989 and will offer "time" on the signs' system to national advertisers. The signs display light, graphics and motion.

In summary, the future trends in marketing appear to be following the now established path of greater emphasis on promotion over advertising in the traditional sense. Herb Baum, president of Campbell's Soup USA, summed it up in a keynote speech at the PMAA's annual update this year by stating, "Promotion has as many creative applications as advertising. If executed properly and consistently with basic positioning of various products," Baum went on to say, "promotion will continue the trend of commanding larger shares of the marketing dollar."

G



PURCHASE DECISIONS

1977 vs 1986

	Specifically Planned	Generally Planned	+ Subst.	+ Unplanned	= In-Store Decisions
1977	35.2%	14.8%	3.0%	47.0%	64.8%
1986	33.9%	10.5%	2.9%	[illegible]	[illegible]

Sample = 4,000 shoppers Source: POPAI

H

INCENTIVE SCORECARD

	1986 EXPENDITURES (000)	% CHANGE	1987 EXPENDITURES (000)	% CHANGE
SALES INCENTIVES	$3,484,645	6.7	$3,784,395	8.6
Merchandise	2,628,691	6.5	2,836,442	7.9
Travel	855,954	7.5	947,953	10.7
DEALER INCENTIVES	$2,346,799	5.3	$2,451,766	4.5
Merchandise	1,532,474	5.2	1,612,521	5.2
Travel	814,325	5.6	839,245	3.1
MERCHANDISE TOTAL	$4,161,165	6.0	$4,448,963	6.9
TRAVEL TOTAL	$1,670,279	6.5	$1,787,198	7.0
TRADE TOTAL	$5,831,444	6.2	$6,236,161	6.9
BUSINESS GIFTS	$1,211,722	2.7	$1,293,247	6.7
CONSUMER PREMIUMS				
Product Promotion:	$3,685,931	1.6	$3,925,162	6.5
• Mail-In Offers	1,864,186	2.0	1,988,071	6.6
• Direct Premiums	1,821,745	1.1	1,937,091	6.3
Retail Promotion:	$2,411,000	2.3	$2,512,990	4.2
• Sweepstakes, Games	Tabulated differently in 1986		185,946	
• Direct, Trading Stamps			1,366,710	
• Trade Incentives, Gifts			960,334	
CONSUMER TOTAL	$6,096,931	—	$6,438,152	5.6
TOTAL USAGE	$13,140,097	2.9	$13,967,560	6.3

Source: Incentive Marketing

ECONOMIC EYE

VCR PLAYBACK

Nielsen Media Research's VCR Activity Report for April 1988 shows VCR households had their sets on less than one-half hour more per week in prime time than non-VCR homes. Nielsen's February playback report, meanwhile, found 40% of recording and 25% of playback takes place in this time period.

MAGAZINE AD SCORECARD	Ad Pages May 1988	% change from May 1987	Dollars spent (000)	% change from May 1987
1. Skin Care, Creams, Lotions and Oils	93.92	−39.7%	$ 3,237.7	−38.4%
2. Lip and Eye Beauty Products	125.99	+75.0	5,499.5	+108.8
3. Scents and Fragrances	334.19	+18.2	9,761.1	+25.4
4. Facial Makeup Products	89.0	−7.6	3,871.4	+29.9
5. Prepared Dinners and Entrees (including Pizza)	28.49	−19.9	1,577.5	−25.2
6. Liquor	393.72	+21.1	18,382.8	+35.8
7. Cigarettes	712.24	+11.9	33,908.0	+11.9
8. Soaps and Detergents	59.96	+51.7	3,640.5	+58.1
9. Passenger Cars, Domestic	535.32	+15.7	7,088.1	+22.5
10. Passenger Cars, Imported	642.43	+37.1	28,963.5	+37.2

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100	1987										1988					
	Aug.	% change	Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	March	% change
Network TV																
Daytime	85	−11	83	−11	97	−6	91	−8	82	−4	92	0	80	−7	82	−7
Nighttime	113	+5	106	−0	110	+6	115	+8	111	+2	112	+5	148	+41	113	+13
Spot TV																
Prime time	126	+4	124	+18	123	+3	123	+6	123	+6	128	−1	130	−2	115	−12
Daytime	117	+7	102	+3	112	+2	113	+2	105	±0	123	−5	108	±0	98	−9
Network radio	104	−1	106	+2	122	+6	112	+6	106	+6	147	+6	129	−7	121	−4
Spot radio	103	+5					112	+9					106	+3		
Consumer magazines	109	+3	109	+3	109	+3	111	+4	113	+5	114	+5	115	+5	115	+4
Natl. Sunday mags	113	+7	118	+14	106	+12	106	+12	106	+12	117	+13	116	+13	116	+13
Business publications	111	+5	111	+4	112	+5	113	+5	113	+5	117	+5	117	+5	117	+5
Newspapers	115	+7	115	+7	115	+6	115	+6	116	+7	124	+7	124	+7	116	+7
Outdoor	114	+6	114	+6	118	+12	118	+12	118	+12	123	+11	123	+11	123	+11

Notes: Percentage shown is relative change from the same month/period the year before.

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

C2950-3
8/9/88

MARKETING & MEDIA DECISIONS

[illegible] IT

[illegible] among the [illegible] are being [illegible] for [illegible] How successful will they be?

BRAND REPORT: SCOTCH AND BLENDS

yellow pages
The News
BIZ

***************** 5-DIGIT 20814
0711 00161861 41 93 000000
GREG CHRIS B116
CONGRESSIONAL INF SVC B001
4520 EAST-WEST HWY #800
BETHSEDA MD 20814 **

MARKETING & MEDIA DECISIONS

COVER STORY

MEDIA COST FORECAST 1989 32

Even the agencies admit that some media have strong arguments to back their planned rate increases. But the media should listen to the agencies' warning: Go slow.

FEATURES

ECONOMIC OUTLOOK 35

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DIRECT MARKETING

by Rebecca Fannin

GOLD FROM SILVER

A new study by Goldring & Co., a Chicago-based research firm, highlights the need for direct marketers to further tap the silver-haired set — those who are 50 years old and older.

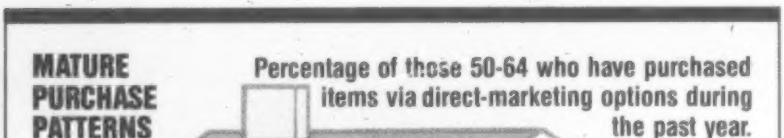
Labeling this market as neglected, Goldring notes there is a wide gap between how this set views shopping by mail or phone and how much they actually indulge in the practice.

For instance, the mature market seems quite knowledgeable about ordering by mail or phone, with nearly half of the market claiming to know which catalog companies are reputable and which are not. Older women in particular are more likely than men to claim this knowledge. In addition, much of this "graying set" — especially the women — thinks buying by mail or phone is a convenient way to shop. Moreover, 80% of the men and 90% of the women say they enjoy looking through catalogs and other mail-order offerings, even when they have no particular intention to purchase anything.

Now for the bad news. Goldring, which questioned 2,600 persons, finds that over one in three persons say they have had some sort of bad experience buying through the mail. And only one in six persons say they expect to make more of their purchases by mail in the future.

As for current direct-buying habits, 73% of older men bought something by mail or telephone during the past year, and 71% of the women did the same. Clothing and books are the most frequently purchased mail-order items, followed by seeds and plants. Record and tape purchases rank high among the men. (See chart for additional statistics.)

Purchasing habits don't change much as people age from 50 to 64, but after that, frequency of mail or phone order purchases does drop off. One exception is vitamin supplements and other health-food products. They are purchased more frequently by those past retirement age.



Source: Goldring & Co., Chicago

BARRY GOTTLIEB

A PRODUCTION PARTNER

AyerDirect, the direct-response division of N W Ayer Inc., is venturing into production management with DirectPro, a new service unit. DirectPro, says AyerDirect vice president Robert Sanchez, is set up to help direct mailers manage campaigns that are high volume and production intensive.

Ayer is selling this service on an ad-hoc consulting basis to both clients and new prospects. It is being pitched to what Ayer sees as a gap in the marketplace: those organizations that either don't have the technical experience internally or that have been buying production management services on an as-needed basis.

Sanchez says the agency ought to be able to do a better job than some others because its staff can provide more thorough production consulting. Besides working out the technical details, DirectPro will also get involved with project-feasibility reviews, budget projections, scheduling, postal management and execution. Another selling point: Sanchez says clients will benefit from DirectPro's industry clout, afforded by large-volume purchase and schedules obtained for its total client list.

In addition, DirectPro plans to conduct how-to direct marketing seminars, for a fee, at the client's premises on such subjects as letter-shopping and postal regulations.

MED[redacted]S '89

EASY DOES IT

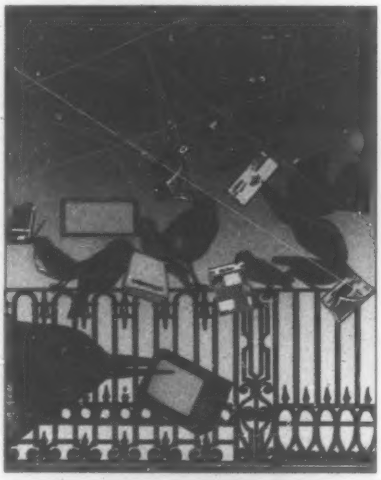
If the media feel like they've been on a rollercoaster this year, they'd better hold on — the ride promises to be just as jangley in the year ahead. Competitive pressure is stronger than ever as media options multiply, both within and outside traditional advertising boundaries. Agencies, having won substantial concessions from sellers in the past few weak years, have institutionalized such exceptions in the form of negotiating committees and hard-nosed thinking. And advertisers continue to maintain pressure on everyone to get more for less of their advertising dollars.

On top of all this comes the writers' strike, the elections and the Olympics to turn this year's fourth quarter — a bellwether of things to come — into anything but business as usual. It's no wonder long-term planning is a thing of the past.

With that in mind, we bravely present our best estimates of where media costs are likely to head in 1989. To arrive at our estimate, we polled almost 200 agency media directors for their calculations on media costs. We also interviewed many on a one-on-one basis to get a deeper understanding of their plans and talked to the sellers about their costs and pricing strategies.

So here goes: According to our research, the overall average cost of a media unit bought for 1989 will rise 4.0% over last year. This matches an actual average increase for 1988 of 4.0%, as reported by our media directors. Last year, we predicted that it would be a buyer's market, but our poll understated the case: It showed an anticipated overall media-cost rise of 6.1%. The difference between the anticipated and the actual increases shows how tough a year it was for the media as they fought battles on many fronts to maintain their piece of the action.

In tv, only prime time matched anticipated increases as that medium rode the storm of lower ratings and energized competition. Radio, haunted by low numbers and clone-like programing, turned off many advertisers, while outdoor and the print media, despite the appearance of negotiating committees and numerous discount plans, came close to matching the media directors' projections.



+4.0%

On the client side, last fall's stock-market mayhem sent a chill through plans and ad budgets. Further complicating the scene was the continued wave of mergers and acquisitions that created new alliances, management teams — in a word, flux, which is always the enemy of aggressive marketing activity. Maintaining the status quo became a goal rather than a given. Sales promotion again saw more dollars as marketers sought to quickly shore up market positions. Overall, every expenditure was examined and reexamined, even as confidence revived.

The agency scene was equally unsettled. Hardly a week went by without a major merger announcement, leaving clients wary of making any big commitments until they got a better feel for the "new, improved" agencies.

There is little reason to suspect major change in the near future; in fact, things may get a little tighter. Certain media are getting squeezed hard as their internal costs rise. Some costs, such as postage and paper, have taken dramatic leaps after years of inactivity. The clouded broadcast signals could, ironically, drive CPMS skyward, but what happens in scatter and beyond in 1989 is very much up in the air. Cable's growing numbers and more sophisticated programing are offering a reason to raise rates after years of just holding on.

To sugar-coat any jumps, the value-added buy will be business as usual for the upcoming year. The concept of the media as a marketing partner will take on a whole new significance as media units are embellished with all manner of discounts and add-ons. Even network tv will learn to play the game in a more visible way.

This is the year when the old rules will be rewritten. Hopefully, the following pages will make you a better player. Good luck. ■

Media Cost Rises

	1989 vs. 1988	1988 vs. 1987		1987 vs. 1986		1986 vs. 1985		1985 vs. 1984	
	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated
Average increases – unit cost									
Nighttime network tv	3.5%	5.9%	6.0%	3.2%	4.0%	5.9%	7.0%	7.9%	9.2%
Daytime network tv	−1.4	−3.4	0.5	−7.7	−3.8	3.9	6.9	10.5	12.7
Spot tv	5.0	5.9	8.4	5.6	5.5	5.8	7.7	7.6	7.8
Network radio	3.3	3.2	6.4	5.7	5.1	9.1	7.2	7.9	7.3
Spot radio	3.9	4.0	6.0	4.4	4.4	5.6	6.8	6.7	7.4
Consumer magazines	5.0	4.7	5.6	4.3	6.7	7.0	7.7	8.0	8.2
Nat'l Sunday magazines	4.4	4.1	5.6	4.8	5.1	2.9	6.7	8.3	8.3
Daily newspapers	6.1	6.0	6.6	6.5	7.2	7.4	7.9	8.0	8.5
Outdoor posters	5.1	4.8	5.3	4.9	5.3	5.7	7.2	6.5	7.3
Business publications	4.9	4.9	5.4	5.3	6.3	7.6	7.2	6.7	7.6
Yellow pages	5.3	5.2							
National syndication	3.2	5.4							

Source: Marketing & Media Decisions

Anticipated Media Cost Movements 1989 vs. 1988 (Average Changes)

Medium	Unit Cost	Audience	CPM
Nighttime network tv	3.5%	−2.4%	5.3%
Daytime network tv	−1.4	−1.0	−1.7
Spot tv	5.0	[illegible]	4.6
Network radio	3.3	0.6	2.9
Spot radio	3.9	[illegible]	[illegible]
Consumer magazines	5.0	0.4	4.6
Nat'l Sunday magazines	4.4	[illegible]	4.8
Daily newspapers	6.1	−0.4	6.6
Outdoor posters	5.1	0.6	4.6
Business publications	4.9	0.4	4.3
Yellow pages	5.3	[illegible]	4.2
National syndication	3.2	−0.5	3.2
Response Ranges			
Nighttime network tv	−2/+10%	−5/3%	0/+12%
Daytime network tv	−15/+7	−5/+7	−15/+10
Spot tv	[illegible]	[illegible]	[illegible]
Network radio	−5/+7	−1/+3	−5/+7
Spot radio	[illegible]	[illegible]	[illegible]
Consumer magazines	−5/+8	−2/+3	−5/+9
Nat'l Sunday magazines	[illegible]	[illegible]	[illegible]
Daily newspapers	0/+11	−5/+1	+3/+10
Outdoor posters	[illegible]	[illegible]	[illegible]
Business publications	−5/+8	0/+2	−5/+8
Yellow pages	[illegible]	[illegible]	[illegible]
National syndication	−5/+10	−6/+5	−5/+8

Source: Marketing & Media Decisions

Actual Media Cost Movements 1988 vs. 1987 (Average Changes)

Medium	Unit Cost	Audience	CPM
Nighttime network tv	5.9%	−6.7%	12.5%
Daytime network tv	−3.4	−2.5	−0.4
Spot tv	5.9	−0.2	6.3
Network radio	3.2	−0.2	3.9
Spot radio	4.0	0.6	3.4
Consumer magazines	4.7	0.4	4.4
Nat'l Sunday magazines	4.1	0.3	4.8
Daily newspapers	6.0	−0.2	6.6
Outdoor posters	4.8	0.7	4.3
Business publications	4.9	0.8	4.4
Yellow pages	5.2	0.5	4.7
National syndication	5.4	−0.1	6.0
Response Ranges			
Nighttime network tv	0/+15%	−17/+2%	0/+20%
Daytime network tv	−20/+10	−15/+5	−25/+15
Spot tv	+2/+8	−3/+2	0/+9
Network radio	−5/+10	−10/+2	−4/+17
Spot radio	0/+9	0/+3	0/+6
Consumer magazines	−10/+7	−4/+3	−10/+8
Nat'l Sunday magazines	+5/+9	−1/+2	+3/+7
Daily newspapers	0/+12	−3/+3	+3/+12
Outdoor posters	+1/+6	0/+4.5	0/+7
Business publications	−10/+10	0/+3	−10/+8
Yellow pages	+0.5/+12	−4/+2	+1/+10
National syndication	0/+14	−7/+5	0/+12

Source: Marketing & Media Decisions

STEADY AS SHE GOES

by Paula Schnorbus

The old saying "All things in moderation" could very well refer to the economy, which a sampling of economists see as "chugging along" or "solid, but not spectacular" for the second half of 1988 and the first half of 1989.

Most say that the strong manufacturing sector is being offset by weak consumer spending. However, the good news is that a recession isn't being predicted.

But economists are divided on inflation. For the second half of this year, some expect higher inflation levels, which go hand-in-hand with higher interest rates; by the first half of 1989, they are figuring on some slackening in both numbers.

Following are the opinions of economists and media analysts who offer their views on where they believe the economy is headed and the effects it may have on media costs.

Deborah E. Johnson
Senior economist and vice president, Prudential-Bache Securities Inc.

"The overall economy will just continue in what we call a 'chugging mode,' meaning the economy is neither booming nor busting, just muddling along," reports Johnson.

"The strength in the economy is coming from the industrial sector. While the consumer is still out there spending, he's doing it at about half the rate of prior years," explains Johnson. "Weaker consumer spending should prevent any kind of a boom in the economy and should allow interest rates to trend lower."

She adds that "one of the keys to the forecast is that we continue to look for low inflation." The reasoning is that "wage inflation will continue to be pretty moderate," figures Johnson. "We're keying a lot of our good inflation numbers off very good productivity. It's a very rosy scenario."

Edward F. McKelvey
Vice president and senior economist, Goldman Sachs & Co.

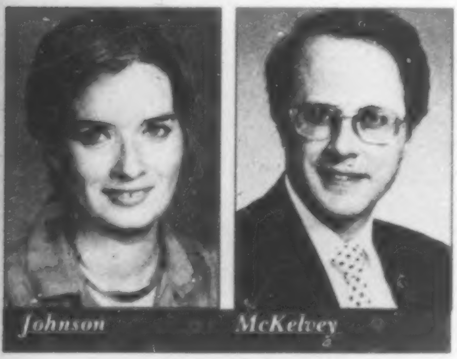
"In the second half of the year, we expect the economy to slow from what has been an unsustainably rapid 4% GNP growth rate," says McKelvey. "The slowing reflects the absence of

Projected Increases at a Glance

	GNP	Unemployment	CPI	Interest rates (t-bills, 3 months)
Deborah E. Johnson				
Second half '88	2.5%	5.2%	4.0%	5.7%
First half '89	2.7%	4.8%	4.0%	5.0%
Edward F. McKelvey				
Second half '88	1.5%	5.6%	5.25%	6.75%
First half '89	1.5%	5.8%	5.5%	7.25%
Rosanne Cahn				
Second half '88	4.0%	4.9%	5.0%	7.25%
First half '89	1.0%	5.4%	5.5%	5.75%
David M. Jones				
Second half '88	3.2%	5.3%	5.8%	7.0%
First half '89	2.8%	5.4%	6.2%	7.25%
Nancy R. Lazar				
Second half '88	2.0%	5.5%	4.5%	6.75%
First half '89	1.5%	5.7%	3.0%	6.25%

Source: Marketing & Media Decisions

support from the construction and automobile sectors, which had been influences in the second quarter. And it also reflects a continuation of a slowing trend in industrial output, which has been underway since the middle of 1987." But he adds that demand could rise as "U.S. producers may be gaining a larger share, thanks to three years of decline in the dollar."


Johnson McKelvey

McKelvey predicts that "for the first half of 1989, expect most of the trends of the second half [of 1988] to continue." During both periods, inflation will be at around a 5% to 5.5% rate because of upward pressure on food prices and imported goods.

He cautions that "should the inventory accumulation in manufacturing become higher in the second half of 1988, then there is a risk that producers will become more aggressive in cutting back production. That would lead to a somewhat weaker outlook than we now envision. This could also occur if unexpectedly strong demand in the second half of 1988 intensified upward pressure on interest rates."

Rosanne Cahn

Vice president and economist, First Boston Corp.

"Economic growth is strong," Cahn states. "That growth will put upward pressure on inflation, and interest rates will go up as a consequence," she says. "But the first half of 1989 will see the the economy slow as a consequence of higher rates this year. A recession will be averted because rates will drop."

Cahn expects "consumer spending to increase less rapidly than the GNP for the rest of this year." But the consumer will have "decent income growth as a result of exports and capital spending, which makes jobs in manufacturing industries," she reasons.

Regarding the election, Cahn says, "A tax increase is more likely under Dukakis than Bush, although the possiblity of a tax increase in 1989 under either candidate isn't gigantic because the voters haven't shown the least bit of interest in deficit reduction."

David M. Jones

Senior vice president and economist, Aubrey G. Lanston & Co.

"I'd say the economy is experiencing solid but not spectacular growth," says Jones. "The areas of strength, particularly in the second half, will be the industrial sector, largely because of the surge in export demands."

Jones predicts that "capital spending will be strong, and consumer spending will be more moderate, maybe in the vicinity of 1.5% to 2% growth. The weak sister is housing." He feels that "for the first half of 1989, we could get some moderation in exports in particular, as a result of the recent strengthening of the dollar." He warns "consumer spending will be relatively flat because of higher interest rates, which must counter inflationary pressures brought about by higher food prices and investors demanding higher interest returns."

Cahn Jones

Nancy R. Lazar

Vice president and economist, Cyrus J. Lawrence Inc.

"Basically, the economy has two tiers, and one is strong and the other relatively weak," explains Lazar. "The strong sector is manufacturing, and that's due to the drop in the dollar and the positive influence it's having on export growth." But it is being offset, she says, "by sluggish consumer spending at retail and a sharp decline in housing. The pullback in consumer spending appears to be due in part to high debt levels," says Lazar. This translates, she believes, into a forecast for "relatively moderate growth."

She adds that "based on the acceleration in commodity prices, inflation is now accelerating and will be the main upward force on interest rates. That should slacken in the first half of 1989 as the economy cools . . . we expect a pullback in growth in early 1989 due to interest rates and the high level of debt accumulation for the economy as a whole," sums up Lazar.

MEDIA ANALYSTS

Peter A. Falco

First vice president, securities research and economics, and senior industry specialist, Merrill Lynch & Co.

"Overall, I would guess that advertising in 1988 will be up around 7%," predicts Falco. "Magazines are tough to call, and the reports of magazine revenues by the trade associations are clearly overly optimistic and don't fully account for discounting and deals in the market place," he explains. "I'm staying with a number like 6% this year and 4% for next."

"In tv for 1988, I'm estimating a little over an 8% rise, with networks up around 10%, national up around 6% and local up around 7%," says Falco. "I'm expecting 3% for next year for network," he continues, reasoning "there will be a negative swing from coming off an election/Olympic year." He predicts 6% for spot this year and 5% for next. Local will drop to 6%.

Furthermore, he figures, "You will see a step down in newspaper ad revenue gains, from 6.5% this year to maybe 4.5% next year, because of the poor retail picture." Falco thinks that classified, which had been holding its own, will taper off at the end of the year as economic growth slows.

J. Kendrick Noble Jr.

First vice president, PaineWebber Inc.

Concerning newspapers, "assuming a newsprint price increase at the beginning of the year, advertising rate increases will probably be on the order of about 7% for 1989," states Noble.

On the other hand, he says, "network rates will be up very modestly. As far as the upfront picture goes, I think it will be between 0% to a 5% rise." Noble reasons that "we're heading into a non-election year, a slow environment, and television audiences continue to trend down, which should mean that rate increases will be very, very modest, if at all."

The picture changes somewhat for local tv, says Noble, who figures spot rates could rise 5% or more "because local-advertising demand will remain moderately strong."

Rates are likely to increase the most for cable, believes Noble, because its "audience continues to grow." He pegs the possible rate rise at 10%.

Regarding magazines, Noble thinks rates will be up 6% or more, but with package plans or multi-magazine buys, the real rate increases will be less.

Lisa Donneson

Vice president, Salomon Inc.

"Because of national advertising trends, I expect advertising will continue to remain soft. Raw-material costs are going up for major advertisers, so it's more expensive to introduce new products, and they can't increase the rate of their advertising expenditures," says Donneson.

"Newspaper rates are up around 5% to 6% in general," she continues. "Next year, I'd say they will be a bit stronger because inflation should be a bit higher. There are only one or two newspapers per market, so they have pricing flexibility. Retailers are dependent upon newspapers."

In broadcast, Donneson says rates are pretty similar to revenues, which she predicts in 1988 will be up 8% for network, 7% to 7.5% for local and 6.5% to 7% for spot. But for the first half of 1989, "I think network will be down about 1% because of 1988 Olympics. Station revenues, spot and local, will be up 7% to 8%. If you exclude the Olympics, the underlying trend is

Buy the wrong paper in Tampa Bay and you could be 20 years off target.
St. Petersburg Times
State starts fund for kids' transplants
THE TAMPA TRIBUNE
State's losses on tolls a continuing mystery

The average daily reader of the St. Petersburg Times is over 60 years old, and retired.

The Tampa Tribune's average readers are in their 40's, and shopping.

The Times may show a slightly higher circulation, but look at the demographics. If your target is under 60, it's a one-paper buy.

While 40% of the Times' readers are 65 and over, the Tribune offers you a larger average household size, higher average income and over 31,000 more daily and 46,000 more Sunday readers 18-54.

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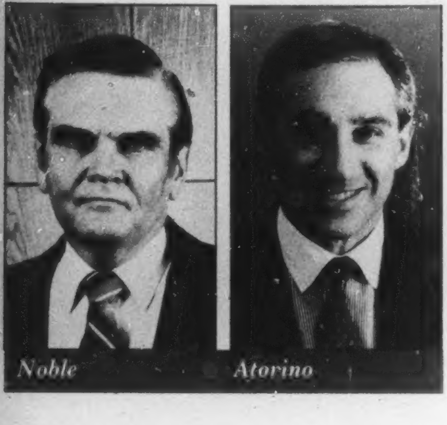
The Tampa Tribune
Tampa Bay's Newspaper

Contact Joe Gess at (813) 272-7447, or your nearest Sawyer-Ferguson-Walker Office.

Source: 1987 Scarborough Report



Noble Atorino

3%." She expects radio to be up 6% both this year and next.

"Magazine rates are up 4% to 5% this year, but there's discounting going on, especially with women's magazines," says Donneson. In 1989, "I think rates will be slightly higher because of inflation, but there's too many companies with discount plans. Rates may be up around 5%."

Edward J. Atorino
Managing director,
Smith Barney, Harris Upham & Co.

"The delayed start of the television season and the decline in viewing are two of the factors that will put some pressure on network-tv rates," thinks Atorino. "The networks are going to try and maintain the integrity of the rate structure and maybe try to get some rate increases. But I think they'll be small, somewhere under 5%, if they can get them at all.

"Spot and local tv advertising again will be in the mid-single-digit area," he adds. "Radio has been weak, and I think it's going to stay weak. The dollars in radio are very soft at the moment. There are too many networks chasing too few dollars.

"Newspaper rates were up about 5% to 6%. The problem with newspapers isn't rates, it's volume. Linage has been soft, particularly in retail and national." Atorino thinks the situation may improve but not dramatically.

"Magazine rates are misleading. There's a lot of discounting going on," says Atorino. "Newspaper rates, or stated rates, are 4% to 7%, but that's not very meaningful."

For the first half of 1989, Atorino sees "small increases" in television-advertising rates, with newspapers trying to raise rates 4% to 6% to offset the cost of newsprint. The same rate increases (4% to 6%) are expected for magazines. ■

Weak consumer spending is offsetting the strong manufacturing sector.

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*March 1988 Publisher's Statement

Harrisburg Patriot-News

Represented by Newhouse Newspapers

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The Register reaches more people in Orange County households earning over $75,000 than any other newspaper. More than half read no other newspaper.
(Source: Scarborough's 1987 Newspaper Readership Study)

THE ORANGE COUNTY Register METROGROUP

The leading medium in Southern California's richest market. Represented by CWO&O

AS SAATCHI SEES IT

The agency's projections paint a conservative picture of rate inflation among the major media.

by Betsy Frank,
Senior vice president,
associate media
research director,
Saatchi & Saatchi
DFS Compton

What a difference a year makes!

Only fifteen months ago, we were predicting "minimal" increases in network television CPMs for 1987-88, based on preliminary findings of the people meter. Since network audiences appeared to be lower, how could the networks justify charging more?

At the same time, those who were in the business of projecting such things were suggesting that 1988 could see the biggest increases in ad spending ever, as a result of the Olympics, the elections and a growing economy.

It wasn't long, however, before reality caught up with theory.

Last summer, the networks enjoyed a record-setting upfront marketplace, and this demand allowed them to command CPM increases that were far from "minimal."

Then October 19th happened, and while no one was predicting a replay of 1929, clearly there was a need to rethink our projections.

In fact, it wasn't long before the networks saw the bottom drop out of the spring and summer 1988 scatter market, especially in daytime.

Now, almost one year after "Black Monday," it appears that the U.S. economy has absorbed the shock of the crash better than originally expected. As a result, most economists are predicting *no* recession for 1988, although the prognosis is less clear for 1989, since the basic problems that contributed to the crash remain.

Against this background, here are Saatchi & Saatchi DFS Compton's most recent projections through 1990. In discussing cost trends, it may be more common to begin with CPM increases. However, if the 1987-88 marketplace taught us anything, it taught us that media inflation is most driven by media demand. Therefore, we will start with an overview of advertising revenue, for 1987 and beyond.

1987 ADVERTISING REVENUE

Network television spending totaled $8.8 billion, up 3% from 1986. Since network revenues had actually declined in 1986, that 3% gain, most of it concentrated in the fourth quarter, was very welcome to the networks.

EXHIBIT I
ADVERTISING REVENUE ESTIMATES (MILLIONS)

	1986	1987	% Change
Television			
Network	$ 8,600	$ 8,815	+ 3%
Spot	13,105	13,680	+ 4
Cable	930	1,140	+23
Syndication	600	720	+20
Radio			
Network	$ 380	$ 371	– 2%
Spot	6,646	6,920	+ 4
Magazines	$ 7,920	$ 8,158	+ 3%
Newspapers	$27,000	$29,412	+ 9%
Outdoor	$ 990	$ 1,069	+ 8%
Total Major Media	$66,171	$70,285	+ 6%

Sources:
Network Television: BAR
Spot Television: TVB
Cable: CAB/S&SDFSC
Syndication: ASTA/S&SDFSC
Radio: RAB
Magazines: MPA/S&SDFSC
Newspapers: NAB
Outdoor: IOA

NBC, with 38% of the total, actually increased by 5%. ABC, with 30%, was up 4%, and CBS (32%) was down 2%.

Spot television ended the year up 4% at $13.7 billion, with local spending up slightly more than national.

Cable, finally reaching 50% penetration, continued to enjoy spectacular growth as viewers found more to watch, such as the NFL on ESPN. Cable spending totaled over $1.1 billion for national and local combined, up 23% from 1986. Local cable spending continued to grow faster than national (+38%) but still accounted for less than 25% of total cable spending.

Syndication also continued its rapid growth, increasing 20% to $720 million. More "network quality" programs were becoming available and consequently were clearing in better time periods, drawing higher viewership and becoming more attractive to national advertisers.

Network radio ended the year down slightly, but **spot radio** was up 4% to almost $7 billion, most of that growth coming from local advertisers.

Magazines reached $8.1 billion, up 3% from 1986, while **newspapers** were up 9% to over $29 billion.

Add in **outdoor**, finally breaking the $1 billion mark, and total major media spending was up 6% from 1986.

Based on this experience, then, what do we see for 1988 and beyond?

ADVERTISING REVENUE 1988-1990

When forecasters looked ahead to 1988, optimism was based on the so-called "Quadrennial Theory," which holds that election/Olympics years are favorable ones for the media because of "new money" and increased budgets for existing advertisers.

How is this theory holding up?

While ABC reported significant ad-revenue gains during the Winter Olympics, the network wound up losing about $65 million on the games because of high rights fees. NBC is in a better position with its Summer Olympics. The writers' strike may be pushing several major packaged-goods advertisers to break tradition and buy the Olympics just to be on the air in original, high-impact programing.

Political advertising, on the other hand, has not yet materialized as expected, although activity will undoubtedly pick up come fall.

But while the Olympics and the elections may be accelerating growth in ad spending, several other forces are slowing it down.

We are already aware, for example, that while companies have begun to increase capital spending as a result of corporate tax cuts, analysts do not believe much of that windfall is being put back into advertising and marketing.

In addition, there are two media-specific factors to be mentioned:

- First is the proliferation of *new, targeted* and *generally more efficient media alternatives*, including cable, syndication and now the so-called unwired networks. They provide national advertisers with a lower out-of-pocket cost than network television, and their presence gives advertisers the leverage to keep network costs down.
- Second is the *growth of :15s*. Fifteens allow an advertiser to dramatically increase weight without increasing costs — or maintain weight at a reduced cost. Fifteens now represent one third of all network commercials, up from 20% a year ago and still growing.

Here is how we see individual media reacting to these forces (Exhibit II).

Network television: We are projecting that network-television spending will be up 10% in 1988, to $9.7 billion. 1989 and 1990 are projected to increase by 6% and 5% respectively, based on the factors outlined above and the softness we saw in the second- and third-quarter 1988 scatter marketplace.

Complete the puzzle

Complete your Chicago buy with the most read newspaper in Southeast Suburban Chicago and Northwest Indiana. The TIMES has more readers than any other area or metropolitan newspaper. And with our special market studies by both Simmons and Scarborough, we can help simplify the puzzle of the complete market buy.

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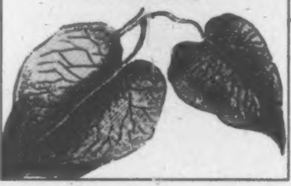
for local News, Advertising & Readers in N.W. Indiana & S.E. Suburban Chicago
417 Fayette St., Hammond, IN 46420
Represented Nationally by [illegible] Newspaper Sales



Spot television, up 6% during the first quarter of 1988, is projected to grow by 8% for the year. We have recently revised these projections downward, since the health of the local marketplace is generally tied to the networks' health, and since much of the anticipated political budgets have not as yet materialized. Spot-tv spending is projected to increase by 6% and 7% in 1989 and 1990, with more growth expected for local than national as national advertisers make greater use of the more efficient alternatives.

Cable-television revenue, while only about 12% of network revenue, has been growing at a much greater rate, especially for the more targeted networks. We see cable with an increasing share of national dollars due to its efficiency. By 1990, in fact, we see cable with close to 20% of network revenue. We project increases of 22% for 1988, 21% for 1989 and 18% for 1990.

Similarly, **syndication** continues to post double-digit increases as programing and ratings improve. We see revenue growth of 20%, 10% and 10% for 1988, 1989 and 1990.

Network radio spending for the first two months of 1988 was up over 5% from a year ago, despite the decline we noted for calendar year 1987. We are projecting 6% spending increases for both 1989 and 1990.

Spot radio, which in the past has not grown as rapidly as network, is now expected to increase at a slightly higher rate based on continuing local orientation. We see 6% growth for 1988 and 7% for 1989 and 1990.

The **magazine** industry has seen moderate growth for the past several

EXHIBIT II
ADVERTISING REVENUE ESTIMATES (MILLIONS)

	1988	% Change	1989	% Change	1990	% Change
Television						
Network	$ 9,700	+10%	$10,280	+ 6%	$10,795	+ 5%
Spot	14,706	+ 8	15,515	+ 6	16,619	+ 7
Cable	1,395	+22	1,685	+21	1,980	+18
Syndication	865	+20	950	+10	1,045	+10
Radio						
Network	$ 387	+5%	$ 410	+ 6%	$ 435	+ 6%
Spot	7,335	+ 6	7,885	+ 7	8,437	+ 7
Magazines	$ 8,647	+ 6%	$ 9,079	+ 5%	$ 9,534	+ 5%
Newspapers	$32,045	+ 9%	$34,290	+ 7%	$36,690	+ 7%
Outdoor	$ 1,176	+10%	$ 1,270	+ 8%	$ 1,359	+ 7%
Total Major Media	$76,256	+ 8%	$81,364	+ 7%	$86,894	+ 7%

S&SDFS Estimates

EXHIBIT III
YEARLY PERCENT INCREASES IN CPM

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Broadcast										
Prime Network (HH)	8	18	2	20	5	4	11	15	8	5
Day Network (HH)	5	10	1	18	12	–6	1	5	0	2
Spot TV (HH)	5	9	8	9	9	6	6	8	5	5
Network Radio (A18+)	8	8	11	9	8	9	6	6	6	6
Spot Radio (A18+)	8	6	8	7	8	6	6	5	5	7
Print										
Magazines (Circ)	10	12	6	7	8	6	6	6	6	7
Newspapers (Circ)	14	16	14	13	10	7	7	6	6	7
Outdoor (A18+)	8	11	8	9	8	6	5	5	5	5
CPI	10.4	6.1	3.2	4.3	3.6	1.9	3.7	3.9		

Sources:
1981-1987
Network Television: Nielsen CPM Reports
All other media: S&SDFSC
1988-1990
All media: S&SDFSC
CPI
1981-1987: Bureau of Labor Statistics
1988: S&SDFSC

years, a trend we expect to continue in the near future. First-quarter 1988 figures for consumer magazines show growth of 11% over 1987, and we are forecasting 6% for all magazines over the full year. 1989 and 1990 are expected to rise by 5%.

Newspaper advertising is most likely to feel the effects of negative economic conditions, and retail advertising, which represents about half of the industry's revenue, has been in sharp decline over the last several months. In addition, newsprint prices, which generally account for 20-30% of a newspaper's costs, have increased about 14% in the last 18 months. We are projecting 9% revenue growth in 1988 and 7% for both 1989 and 1990.

Outdoor revenues are expected to increase by 10% this year, 8% in 1989 and 7% in 1990.

For all the major media, then, we see total revenue of $76.3 billion, up 8.5% from 1987. 1989 and 1990 are expected to show more moderate growth of 7% as we begin to see the impact of current economic conditions on advertising spending, as well as increased use of cable, syndication and 15-second commercials.

CPM INCREASES

How did CPMS change during 1987, and how might our projections for media spending in 1988 and beyond influence media inflation? (Exhibit III)

During 1987, the prime **network** CPM increased 11%, much of it as a result of a tight second- and third-quarter scatter marketplace. Also contributing were the unprecedented CPM increases in the fourth-quarter portion of the 1987-88 upfront. Costs-per-thousand for network television are expected to increase on average by 8% in 1988, the result of a strong upfront and a weak scatter marketplace. Prime-time network should show the highest increases and day network the lowest.

Spot-tv CPMS were up by 6% in 1987 and are projected to increase by 8% during 1988.

Network and spot radio, up 6% in 1987, should increase 6% and 5% respectively in 1988.

Magazines and **newspapers**, up 6% and 7% in 1987, are both expected to increase by 6% in 1988.

We expect **outdoor** CPMS to be up 5% for 1988, in line with 1987.

For 1989 and 1990, we see generally lower increases, especially for network television, with media inflation probably coming closer in line to the CPI.

SUMMARY

It is evident that the years of uncontrolled media spending and media inflation are behind us. The media are being forced to re-think the economics of their business in light of the new competition, and advertisers are gaining the leverage they need to keep CPMS in line. ■

WHAT'S WRONG WITH THIS PICTURE?
(HINT: KANSAS CITY HAS BEEN OVERLOOKED)

Total retail sales: Top 30 markets

Overlooked? We're used to it, even though we're a booming retail market, leaving places like New Orleans, Cincinnati, Milwaukee and Orlando waiting in line.

Even some major marketers have made the mistake of leaving out Kansas City when they make top 20 or 30 buys. But the ones who have looked closely at national rankings and at the vitality of the Kansas City market know better. They know that among other things, KC is a Top-30 performer in auto sales (#20), food & supermarket sales and purchases of petroleum products.

KC also places considerably above the national average in purchases of alcoholic beverages, appliances and insurance.

Once you've discovered KC, choosing the most effective ad medium is easy: It's The Star & Times. Our Sunday readership alone (753,000) humbles the competition. Weekdays, we reach two-thirds of households with $50,000+ incomes.

Before you put together your marketing plan, look closely: If you've overlooked Kansas City there's something wrong with that picture. Call our general advertising manager, Jack Hines, at 816-234-4179 today for more on the must-buy KC market.

Sources: SBP '87, National Planning Data Corp. and Belden Associates - represented nationally by Cresmer, Woodward, O'Mara & Ormsbee Inc.

CHECK THE SOURCE
The Kansas City Star & Times

A BALANCING ACT

Buyers and sellers try to find balance in a market thrown askew by a series of weighty challenges.

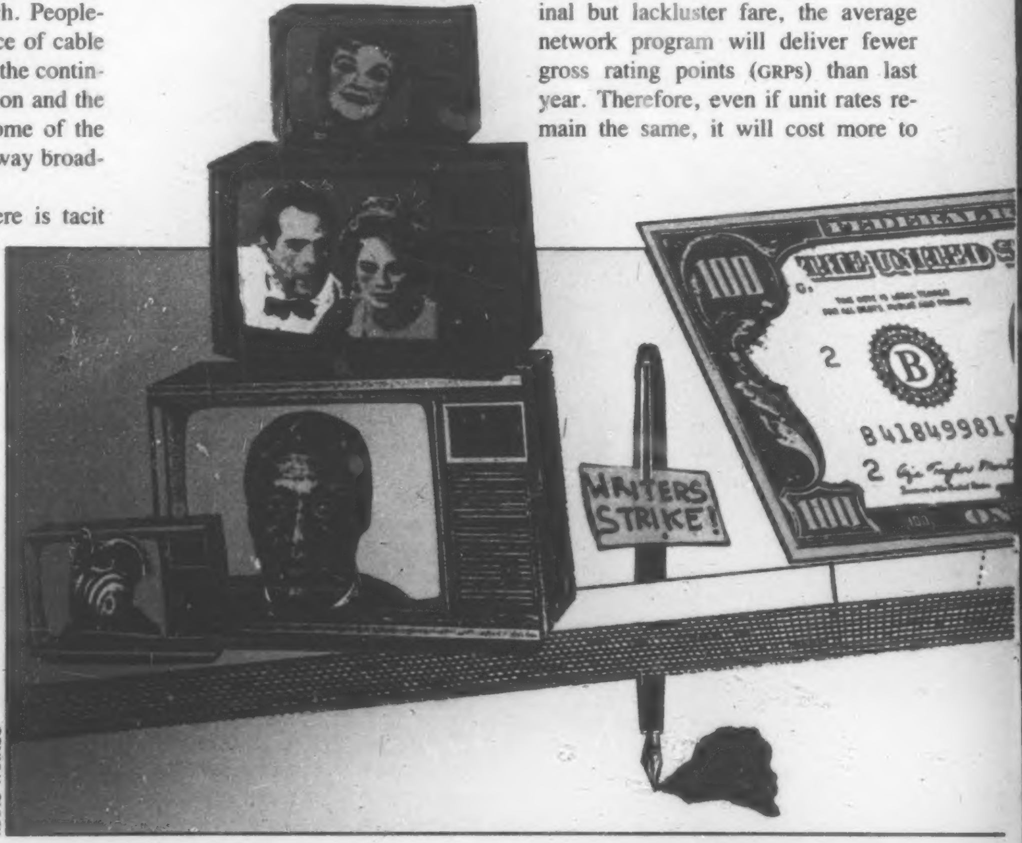
by Joe Mandese

Even before a protracted writers' strike threatened to turn the television marketplace topsy-turvy, the 1988-89 season was being heralded by buyers and sellers alike as a "turning point," a "critical year" and a "watershed season." Though these pronouncements have an all-too-familiar echo to them, this year they really may pack some punch. Peoplemeter ratings, the emergence of cable as a truly national medium, the continuing popularity of syndication and the growing use of spot are some of the key factors shaking up the way broadcast tv is viewed and sold.

On the sellers' side, there is tacit acknowledgement that things are not what they once were. Network executives have been suggesting that 1988-89 would be a year of fundamental change in the way they market and sell their product. CBS, for instance, has created a new marketing division whose charter includes a revamping of its sales efforts and a positioning of tv as a "promotional medium," explains Thomas Leahy, president of the new division. "We're trying to sell value. Somewhere along the way, people forgot the power of network television; they take it for granted."

Even first-placed NBC sees the writing on the wall. "This is a very critical marketing junction for us," warned Robert Wright, NBC's president and chief executive officer to his affiliates at their annual convention. Conceding that the networks are "not necessarily well positioned," Wright said that they needed to return to the fundamentals of marketing, "so we become a custom-tailored organization to deal with the marketing objective of advertisers."

Yet despite the multitude of negatives gnawing at network tv this season — and maybe because of one of them, the writers' strike — network CPMS could actually skyrocket for a second consecutive season. With the writers' strike expected to lower the networks' share of viewing, as most of the programing is likely to be repeats or original but lackluster fare, the average network program will deliver fewer gross rating points (GRPS) than last year. Therefore, even if unit rates remain the same, it will cost more to



MARC YANKUS

reach a thousand viewers with the average network show. Moreover, it appears that advertisers will have to buy more network units this year to achieve the same GRP goals they had last year. And finally, if demand remains only as strong as it was last year, rates will likely rise since there will be a lesser supply of ratings points to go around.

"If you have more repeat programing, you bring the numbers down," notes Bob Igiel, N W Ayer's senior vice president and director of programing and network negotiation. "Even if you have no unit-cost increase, the CPMs will go up." NBC's executive vice president of sales and marketing Bob Blackmore concedes that "if the audience goes down and there is the same amount of money, it's going to be a squeeze. I guess the price per rating point will go up."

Despite this logical, if unappealing, scenario, advertisers expect network pricing to rise moderately for the coming year. Estimates are that prime-time unit rates will rise 5% to 9%. For instance, Warner-Lambert director of advertising services Kaki Hinton predicts the writers' strike will dampen fourth-quarter demand. "I think what potentially might happen is that advertisers who are working on a fiscal year that coincides with the network calendar year — which starts in October — will probably have a tendency to divert fourth-quarter dollars into the first two quarters of 1989. This will further soften the fourth quarter for advertisers who aren't necessarily on that kind of fiscal year and who can't transfer dollars from 1988 into 1989."

Others, however, don't see the writers' strike as having a major impact on cost per unit. "I don't think it will have a big effect on prices because we typically buy bodies, not shows," explains AT&T corporate broadcast manager Douglas Ritter.

Indeed, while the strike may in fact lower the ratings of network repeats, some believe whatever original network fare appears will benefit by picking up the slack. If that's the case, then NBC may have its best fourth quarter ever with both the Summer Olympics and the World Series on its schedule. In addition, at press time, NBC was guaranteeing its initial upfront buyers that 90% of its fourth-quarter schedule will be "original" programing. While the progaming fates of the other two networks were less well known, ABC had moved the first half of its 30-hour epic miniseries *War And Remembrance* up to November.

Regardless of how the network upfront drama unfolds, buyers say there are enough safety valves in the national tv marketplace to insure against astronomical rates. Citing the mounting pressure of network alternative television, they say advertiser demand is no longer the single most important factor that will determine pricing in tv negotiations. "The biggest variable out there today is that there are so many options," exclaims Saatchi & Saatchi DFS Compton executive vice president and director of broadcast Peggy Green. "A long time ago, you felt if you didn't have network tv, you were dead in the water." This changed perspective, she says, has affected their buying style. "We think we can be very aggressive in our negotiations and that hopefully the media are going to realize that they have to work with us to keep prices in line," says Green.

According to Saatchi, network

RESERVE NOTE
STATES OF AMERICA
WASHINGTON, D.C.
100
HUNDRED DOLLARS

TELEVISION

CPMs, which are projected to rise 8% in 1988, will rise only 6% in 1989. An even lower estimate comes from Smith Barney, Harris Upham & Co. While the securities firm concurs with Saatchi's 8% estimate for 1988, it says, "Declining viewing and growing competition will continue to affect network advertising in 1989. Furthermore, if economic conditions weaken, network advertising would come under further pressure. Thus, without the benefit of the Olympics, it seems unlikely that network advertising will increase over 1988; rather, it could decline as it did in 1985."

TOP 10 NETWORK TELEVISION ADVERTISERS—1987

FIRST QUARTER 1988

ADVERTISER	1987	Jan/Mar 1987	Jan/Mar 1988	% Change
The Procter & Gamble Co	$377,551,800	$108,717,800	$93,161,700	−14
Philip Morris Companies, Inc.	331,936,200	77,312,000	69,258,900	−10
General Motors Corp	272,953,100	80,108,100	81,452,500	+2
Kellogg Co.	238,016,900	41,763,700	60,986,000	+46
McDonald's Corp	216,067,400	42,902,600	45,161,300	+5
Unilever N.V.	211,923,000	59,385,300	56,709,400	−5
RJR Nabisco, Inc	209,777,300	41,108,700	50,415,900	+23
Anheuser-Busch Companies Inc.	186,947,700	47,076,600	57,751,400	+23
Johnson & Johnson	181,998,900	55,371,200	41,008,700	−26
American Home Products Corp.	181,499,400	55,893,900	49,026,700	−12

Source: Television Bureau of Advertising from Arbitron's Broadcast Advertisers Reports data

That view is echoed by Bozell, Jacobs, Kenyon & Eckhardt. "We are probably looking at somewhere in the area of flat to 3-4% growth in prime-time and the strong possibility of roll-backs in daytime," explains the agency's executive vice president and national media director, Mike Drexler. "I wouldn't be surprised if we saw a situation like in 1985 where there were even price roll-backs in prime time."

Naturally, the networks are quick to dispute that scenario. NBC's Bob Blackmore nixes the "quadrennial correction" theory, although he concedes that there will likely be "$600 million to $1 billion" in 1988 Olympics and election dollars that "won't necessarily make it over to the other side." Still, Blackmore claims demand for network prime time will be just as strong as last year.

Warner-Lambert's Hinton concurs with Blackmore's estimate of the size of the prime-time upfront, noting that it will likely be about $3.2 billion. However, she notes that would suggest a flat marketplace. "I think people are a little more cautious about their approach in terms of their willingness to commit upfront dollars because of uncertainty over the economy, the tax [deduction for advertising spending] legislation that is going on in Congress."

One thing that fueled last year's marketplace was the switch over to people meters. As it showed audience levels going down, advertisers had to buy more units to meet their GRP goals. Although the situation was exaggerated by the change in methodology, the sharp audience decline took a significant amount of network gross rating points out of the marketplace. And when upfront demand proved stronger than most people expected, prices initially rose in the 20% range.

This year, despite the problems, industry observers say corporate interest in advertising is there, but that it must be met on their terms. "What we are hearing from outside and from our own internal reports is that there seems to be as much demand as last year," says Steve Grubbs, senior vice president and director of national television buying of BBDO. Furthermore, a survey of senior-level advertising directors conducted in March by Vitt Media International found confidence that the economy would hold steady. "The possibility of a recession within the next year appears remote to the vast majority of the nation's leading advertisers, and nearly half [47%] believe we will not see signs of a recession until 1989 or later," said the report.

Even McCann-Erickson's traditionally conservative Bob Coen hinted at an uptick in demand during his June media-outlook update. But the senior vice president and director of forecasting added an important caveat: "Advertisers are spending more heavily, but only if they get a bargain and only if it's a special event," he warned. Indeed, even though advertisers interest in tv seems to be there, there are plenty of other alternatives that could lure their dollars. Some of the beneficiaries are likely to be cable and syndication, where the writers' strike is sending record amounts of upfront business, and the fledgling unwired network business, which is expected to tally more than $100 million.

The situation is murkier at Fox Broadcasting, which is suffering heavy losses. Fox officials say they are committed to the network for at least the foreseeable future and project $120 million in upfront business this year versus $100 million last year. Fox will expand to a third night of prime-time programing this fall with a movie night, which could do well if the writers' strike continues. While some Fox shows, particularly its prized Sunday night lineup, will be affected by the lack of scripts, Fox has developed several strike-proof series, including *America's Most Wanted* and *The Reporters*, *It's Gary Shandling's Show* and *Family Double Dare*.

"We see the writers' strike currently as a bit of an opportunity for us," says Fox senior vice president of sales Pat Mastandrea. Although a disappointing ratings performance, particularly on Saturday nights, has led Fox to lower household ratings projections by 15% for this season, Mastandrea notes that strong demographic performance is enabling them to raise their projections for key young demographics. As a result, Mastandrea claims Fox's ratings delivery will "net out even."

Although buyers are sympathetic to Fox's cause, they caution that they will not underwrite their start-up. "It's not that we don't want them to survive," explains Saatchi's Green, "but they have their business problems and we have ours. Everybody is in this business to survive, and the idea that we may underwrite a network's risks is not being greeted well by advertisers or their agencies."

Meanwhile, the syndication marketplace has been exploiting the tv writers' strike as well. Although several key syndicated shows, including Paramount's *Star Trek: The Next Generation*, are affected by it, others, especially game shows, are not. However, Brian Byrne, president of International Advertising Sales (IAS), notes that of the 66 hours the networks will need to fill their prime-time schedules next year, only 10.5 hours are exempt from the writers' strike. Moreover, Byrne, who is also president of Advertiser Syndicated Television Association, claims, "The primary beneficiary of any network erosion will be the independent stations that primarily use barter syndication as their programing source."

Actually, the writers' strike is expected to take its toll on network affiliations, with many affiliates expected to preempt network reruns with first-run syndication. However, buyers warn that there is a tiering effect in syndication with about a handful of the top shows commanding the only really competitive ratings to the networks.

"Those syndicated shows that are successful will do well, but there's a whole stable out there that will not," says Ayer's Igiel. "So, what do you do? If you think you're better off buying a two-rated show in syndication, buy it. I don't want to denigrate syndication, but it's not an automatic given that syndication is the place to go because network tv may not work." Adds Thomas Winner, executive vice president/media director of Campbell-Mithun-Esty in New York, "Even if a network repeat does a 10 rating, it's still bigger than you can get anywhere else."

A recession appears remote to the majority of leading national advertisers.

In terms of syndication costs, Saatchi estimates CPMS, which are projected to rise about 4% in 1988, will also rise about 4% in 1989. IAS's Byrne is more coy, saying only CPMS "will be up." Citing additional syndicated inventory, he added that total barter syndication revenues would rise 12-13% and break the $1 billion mark for the first time in 1989.

Despite much controversy, unwired television networks appear to be emerging as a significant player in the national tv scene. Several highly touted deals were struck by station rep firms during the heat of last year's upfront, but buyers say their continued success will depend on network-tv costs, since they are bought solely as an alternative to escalating network CPMS.

Katz Communications, which negotiated a highly publicized deal between Procter & Gamble and its station clients, says it is targeting $25-30 million in unwired business. But Katz president Peter Goulazian says that goal is dependent on the strength of the network and syndication marketplaces. Others, however, believe the rep firms will pull out of the unwired network business because it is detrimental to their stations' spot business.

Mike Kammerer, president of the Independent Television Network (ITN), says the "repworks" are "just a cheaper way of buying spot." ITN, on the other hand, by buying time from independent stations and selling it in

TOP TEN NATIONAL AND REGIONAL SPOT TELEVISION ADVERTISERS—1987 FIRST QUARTER 1988

ADVERTISER	1987	Jan/Mar 1987	Jan/Mar 1988	% Change
General Motors Corp	$258 562 800	$60 792 300	$77 551 500	+28
The Procter & Gamble Co.	238,297,600	39,344,500	63,469,300	+61
Ford Motor Co	138 524 000	31 318 400	37 916 300	+21
General Mills, Inc.	126,687,500	28,724,000	32,993,000	+15
PepsiCo Inc	121 201 200	20 461 400	25 804 100	+26
Toyota Motor Sales Co., Ltd.	114,336,100	25,050,400	23,531,400	–6
Philip Morris Companies Inc	111 287 500	22 433 800	18 441 300	–18
Chrysler Corp.	109,833,300	25,775,300	31,259,400	+21
Nissan Motor Co Ltd	94 882 800	29 924 600	15 315 000	–49
Anheuser-Busch Companies	74,684,000	12,147,200	11,231,200	–8

Source: Television Bureau of Advertising from Arbitron's Broadcast Advertisers Reports data network-type packages to national advertisers, takes inventory out of the spot marketplace and brings dollars in from national advertisers. He says ITN plans to do about $100 million in unwired-network business in 1989, with about half coming from prime time and the rest from other dayparts. He admits the costs of unwired network deals are tied directly to network CPMs, noting, "If the networks are flat, we will be flat. If the networks are up 8%, we're probably going to be up 10%."

SPOT

Despite a relatively strong first quarter, strength in the spot-television marketplace has failed to materialize to the degree that media pundits had predicted for a quadrennial Olympics/election year. The ABC stations naturally benefitted in the first quarter from the network's Olympics coverage, but the political primaries failed to generate significant local political dollars for tv stations and some question whether they will be there in the fourth quarter during the general election.

"It's been a tough year for a lot of stations," reports Saatchi's Peggy Green. "I don't think the politicals are going to bring in the money that people thought they would," she predicts.

Katz's Goulazian, on the other hand, predicts a "strong last five months" will lead to overall 1988 increases of 9-10% for the spot business. Blair Television, however, has revised its 1988 estimates down slightly from its original estimates of 9-11%, says senior vice president and general sales manager Bill Breda. "We are not going to see the double-digit increases we had expected," he explains, noting that Blair now predicts 1988 business will rise 7-9%.

Saatchi media-cost estimates indicated that spot CPMs will rise about 8% for 1988 and less than 5% for 1989. Blair's Breda predicts 1989 spot CPMs will "hold to about where we are today."

However, some predict 1989 may even be worse for the spot business. "It's going to be worse because there is going to be no Olympics or election dollars in 1989, and those were by and large additional dollars," explains D'Arcy Masius Benton & Bowles senior vice president and director of spot broadcast Sharron Lalik. "We also see that all the retail mergers and subsequent laying-off of employees will affect their advertising. Obviously, they are not going to be running out there and spending money." Except for some strength from local sales on the West Coast, Lalik says local spot is flat.

Moreover, Saatchi's Green says stations are being doubly hurt by their policy of not accepting :15s. "Fifteens have hurt the local stations because the network, syndicators and cable are selling the units at 50% of the cost of a :30. Why would you want to pay a premium in spot?" She also notes that :15s are becoming a more strategic part of advertisers' creative mix and that stations inhibiting the use of :15s are shooting themselves in the feet. ■

A CONVERSATION WITH LARRY COLE

Larry Cole is senior vice president/head of media of Ogilvy & Mather.

On the television marketplace: There are two issues: the impact of the network alternatives and the size of the demand. In prior years, there was much more emphasis placed on demand, and the alternatives were not a major factor. What's happening now is that there suddenly are two factors that can have a very significant impact, which makes projections a little more difficult.

On the impact of the Olympics: It may or may not be an important factor. Let's face it, not every advertiser is in the Olympics. It doesn't take up 100% of the budget. Advertisers have more money in other media. It's a complication, but there are many arguments against that being a significant factor.

On network-marketing programs: I think there is potential for a lot of new business going into network television. In terms of effectiveness of the medium in regard to zapping and zipping and the press, network tv has taken more than its fair share of criticism. We believe, however, that the kind of effectiveness criticisms leveled at network tv can go for every other medium. People don't always seek out all the advertising or read every ad in every newspaper and magazine. So we think that the networks are still the most powerful medium. It's just been under a bigger microscope.

On the spot tv business: We are looking at a softer marketplace for the foreseeable future. Other than a few isolated markets, I haven't heard anybody concerned about the escalation of spot prices.

BOOM TIME

Will the hype and statistics make this cable's banner year?

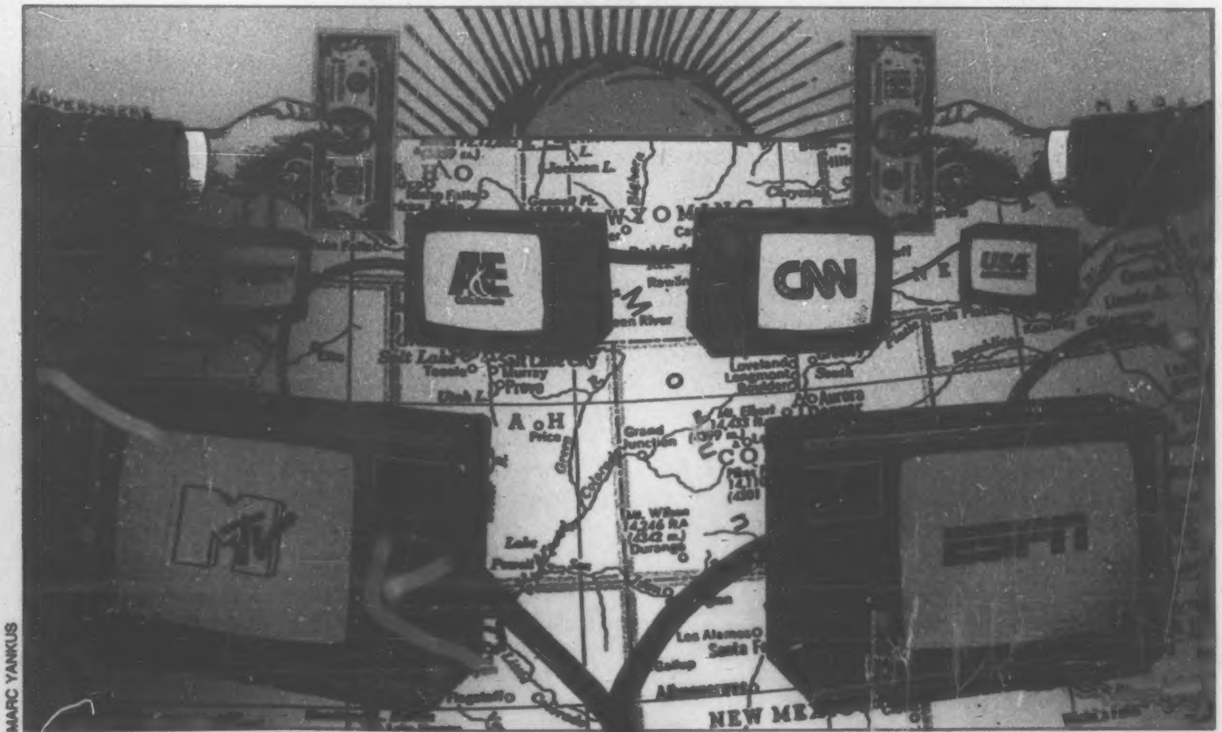
by Joe Mandese

Pity poor Farrell Reynolds. As president of Turner Broadcasting Sales, Reynolds and his colleagues at SuperStation TBS and CNN have struggled against the odds to increase Turner Broadcasting's share of national ad budgets, only to be greeted at the end of each fiscal year by Turner's obligatory edict: "Bring in more ad dollars."

After so many years of accomplishing the impossible, Reynolds and his sales brethren might have breathed easy this 1988-89 season due to a great selling opportunity: the writers' strike. Armed with briefcases of gushing press clippings about cable's recent gains, cable salespeople are aggressively exploiting advertisers' uncertainty about network tv's performance this fall due to the strike. "They're really feeling their oats," observes Foote, Cone & Belding vice president/associate national broadcast director Jim Cunningham, noting that sales reps are asking for significant double-digit CPM increases for cable. In fact, "They're becoming cocky," grouses Lintas:USA vice president/network and new technologies Suzanne Shawn.

But just when cable's path seems clear to some serious national ad dollars, Reynold's boss Ted Turner decides to launch a brand new cable network, TNT, flooding the marketplace with plenty of new cable advertising avails. And so it goes.

But the cable sales business has



MARC YANKUS

never been one for the faint-hearted, and this new challenge may help all the sellers' cause in the long run — to the buyer's dismay. To entice cable-system operators to carry the fledgling network, TBS is giving local cable operators an unprecedented four minutes per hour of local ad avails. (The norm is two.) Besides making the network more attractive to cable systems, the move will diminish TNT's national ad inventory by 15%-20%, according to cable marketing specialist Jack Myers, president of Jack Myers Marketing Communications.

Moreover, Myers believes that Turner may soon switch CNN to a similar ad split and that other cable nets may be forced to follow suit. "If Turner follows suit with CNN and it forces the hands of other networks, it could begin having a major impact" in terms of inventory, explains Myers. "You really wouldn't need all of the networks doing that, just the leaders."

TOP-TEN CABLE ADVERTISING CATEGORIES

FIRST QUARTER

Industry Class	1987 Cable Dollars (000)	Jan./Mar. 1987	Jan./Mar. 1988	% Change
1. Beer & Ale	31,263.7	6,259.0	7,062.8	+12.8
2. Magazines/Newspapers/Other Media	30,713.7	7,752.0	10,195.8	+31.5
3. Candy & Gum	24,242.6	8,001.9	5,611.7	−29.9
4. Restaurants & Drive-ins	17,186.5	1,890.6	1,515.2	−19.9
5. Audio/video recordings	15,381.3	2,704.2	3,743.4	+38.4
6. Imported Passenger Cars	15,346.0	3,533.0	4,724.1	+33.7
7. Games, Toys & Hobbycraft	10,946.5	1,856.1	1,246.1	−32.9
8. Shampoos & Rinses	10,863.2	2,414.4	2,984.7	+23.6
9. Financial planning services	10,556.8	2,196.0	4,644.5	+111.5
10. Carbonated Soft Drinks	9,933.0	1,988.1	1,803.8	−9.3

Source: Arbitron's Broadcast Advertisers Reports

While TBS' Reynolds concedes the concept has merit, he says changing CNN's ad split has "not been posed to us yet." However, he adds, "Even the most uninterested observer could come along and say, 'Gee, why don't these cable networks give the local operators more inventory and tighten up their overall inventory situation.' When you're dealing in a supply-and-demand situation and the demand is static and you decrease the supply, prices are going to go up."

Even with an abundance of inventory, cable sales executives are using a combination of statistics and hyperbole to exploit the tv-writers' strike to their benefit. In fact, cable and ad agency sources confirm that cable has generated its biggest upfront season ever, although the agency executives say the deals were mostly for the premium cable shows. With a few exceptions, the cable nets remain saturated with surplus inventory.

"I don't see advertisers running in droves to cable because of the writers' strike, but I do see it affecting the marketplace a little bit," observes Lintas' Shawn, who says that despite some double-digit increases for premium programs like ESPN's NFL coverage, overall cable CPMs are likely to rise only in the low single-digits. "Cable, for the most part, follows in the networks' footsteps," says Shawn, citing predictions for a soft broadcast marketplace. "You usually don't find a soft network marketplace and a real tight cable marketplace."

"Right now, cable is the hot button," concurs Peggy Green, executive vice president of Saatchi & Saatchi DFS Compton. "The cable networks are being very aggressive in the CPMs they want, but I think a major agency will resist that just the way they resist the broadcast networks. Besides, to combat an aggressive cable marketplace, we've got a network marketplace that seems to be striking a favorable posture."

According to Saatchi projections, cable CPMs are expected to rise only 4% each year from 1988 to 1990. While most agency buyers agree with that conservative projection, Jack Myers projects cable CPMs will grow about 12% in 1989.

Although Myers may be a little optimistic, agency executives admit it is getting harder to say no to cable deals. "Cable is a hot topic these days," observes William Esty senior vice president/media director Tom Winner. "It's becoming hard to go to a client and not talk about cable. They look at you cross-eyed because they read so much about it." As a result, Winner says 1989 may be the year that cable networks "extract some meaningful price increases on a CPM basis. They've been so low for so long that I think they sense that this is the year they might be able to get 5%, 6%, 7% maybe even 8% more."

Of course, much of cable's fortunes depend on those of the broadcast networks. TBS' Reynolds has been pointing out to advertisers that during the last tv writers' strike in 1981, network audiences dropped 6%. "And that's when cable was not really a factor."

According to cable industry consultant Paul Kagan & Associates, the writers' strike could lower viewing of the three broadcast networks by a full share point, which would be worth approximately $50 million in ad revenues for the 1988-89 season.

But cable's leading selling point is also its main problem, according to Saatchi senior vice president Betsy Frank. "It is clear that broadcast net-

work ratings are going to be in general lower, but a lower network rating might be a 12 or a 14 and a good cable rating is still only a 1.5 — and that is in their own universe — so we're down to a 0.8 national rating. I think we need to be realistic about just how much of a benefit the writers' strike can be."

Meanwhile, despite much bally-hoo about cable's recent programing coups, relatively little of it is original. And while fresh off-network series are better than the older fare cable has been running, Saatchi's Frank puts cable's programing "advantage" in perspective: "Do you want to watch *Murder, She Wrote* reruns on CBS or on USA? Do you want to watch *Miami Vice* reruns on NBC or on USA?"

Still, cable's unique economic structure puts it in a much better position to weather — and even grow in — an economic storm, should it hit the tv business next season. "Economically, you've got a situation in which the broadcast networks have a single-source revenue stream, which is advertising and you're paying compensation to your affiliates," notes Jack Myers. "But cable has a dual revenue stream from advertisers and from systems operators. The cable industry is far more economically sound when it comes to funding availability for program development."

According to Paul Kagan's *Cable TV Programing* newsletter, cable systems' licensing fees to cable networks have increased from 20% of the average cable network's net revenues in 1984 to 37% in 1988. Those fees, Kagan adds, are the "secret of cable's growing programing power." As a result, cable networks have been willing to pour more of their revenues into acquiring and developing new and better programing. According to Kagan, program expenses as a percentage of the average cable network's total expenses is now about 66%, compared to only about 50% for the average tv station.

Moreover, cable networks benefit indirectly from the extreme profitability of their cable-system affiliates. According to Cabletelevision Advertising Bureau president Bob Alter, about "75-80¢ of every dollar" goes to the bottom line after a cable system amortizes the cost of wiring.

Cable's strong position has produced a cloud or two, most notably from legislators who are beginning to feel the time has come to control the medium's relatively free hand in conducting its business. Syndication-exclusivity (syndex) rules and other moves, however, are unlikely to have any impact in the year ahead.

What all this means is that even without large CPM increases in 1989, cable can continue to grow and build a better program base to compete.

"We don't want to institutionalize the low CPM, but we can thrive with it," says Alter. "That doesn't mean we don't want, or deserve, better." ■

A CONVERSATION WITH GEORGE HAYES

George Hayes is senior vice president/group media director of McCann-Erickson.

On the writers' strike: "It may end up bringing more people into cable, but I think part of that may be ameliorated by the Olympics. They're going to lose some of the audience that they would have gotten in September to the Olympics, but in October, when people might normally be tuning in to check out the new network shows, cable may be able to get some of the viewership.

On the cable hype: It's almost a self-fulfilling prophecy, because the more aware advertisers are of cable tv as a medium and the more it appears to be a bigger medium, then the more likely it is that they will get in on it. What we are facing now is a situation where people who may have been on the fence about cable, or may not have used it in a big way, will probably get into it more heavily than they have been.

On cable's CPM growth: "One of the advantages of cable has always been that the CPMs have been extremely competitive with broadcast. While they didn't offer big numbers they would often offer some pretty good targets, or at least some pretty strong efficiencies. I think that is something they are still going to have to live with. There may be some opportunity for them to raise it a little bit, but you have to remember that cable as a whole still consists of a lot of parts and the addition of TNT, for instance, into the cable universe may help keep prices down to some degree.

On the economy: "I think the biggest thing that will affect cable pricing is the economy. Whether or not the economy is so robust could be the biggest factor in determining pricing. Right now, I think there is a little tentativeness out there and if budgets turn out not to be so strong, there just may not be as much money out there for cable to chase. So even though cable may have some pretty good increases, they may not be able to raise their CPMs significantly.

BAD RECEPTION

That's what radio sellers can expect for any big plans to raise rates.

by David Kalish

MARC YANKUS

The post-rush-hour calm of early evening descends over Long Island, New York's Bellmore train station. But inside the neighboring taxi depot, a radio advertiser's nightmare unfolds: For the third time in 10 minutes, a bored taxi dispatcher turns his boom-box dial, desperately searching for a song he hasn't already heard. The garbled radio sounds betray his frustration as he flips past dozens of stations with soundalike formats.

It's a situation that gives radio advertisers the chills. With more and more stations in the same markets offering clone-like programing, call-letter loyalists have become increasingly rare. The diminishing quality and quantity of the radio audience, experts say, is forcing some stations in glutted markets to swallow a bitter pill: lower advertising rates.

In such markets, "more radio stations get in on a buy," says Jeff Wakefield, senior vice president of marketing and research at Major Market Radio, which sells air time for about 40% of U.S. radio stations. "All are willing to acquiesce to a lower cost per point" to hopefully get a bigger piece of the ad pie.

Carl Butrum, president of sales-rep firm Eastman Radio, sums up the scene: "There's a continuing growth of radio stations in the hands of amateurs."

This situation will most likely contribute to a stagnant radio market in the year ahead, despite some modest 3-5% rate increases expected elsewhere in Radioland. Network-radio revenues remained essentially flat at $371 million in 1987, according to the Radio Networks Association (RNA), and are not expected to rise more than 4-5% this year. Spot-radio revenues slid $18 million to $1.315 billion in 1987 — "1987 was probably the worst in 10 years for national spot radio," Wakefield acknowledges — with ad dollars continuing their poor performance in the first half of 1988.

Reduced ad budgets, however, took the biggest bite out of radio's growth.

Advertising categories leading the slide included telecommunications, skincare products and financial firms stung by the stock-market collapse, media directors say. For its part, AT&T slashed network radio spending from $22.5 million in 1986 to roughly $15 million last year, RNA figures show. And the nation's top spot-radio spender, Anheuser-Busch, cut spending by $7 million to $43.5 million during the same period, according to the Radio Advertising Bureau. Except for an unexpected infusion of 1988 third-quarter ad dollars by General Motors, radio auto ads are generally flat.

"It's slow out there," says Jill Gordon, vice president and network program supervisor at DDB Needham in New York. "It's *very* slow, as a matter of fact."

It was not always so. As recently as the first half of 1987, network radio was hauling in the advertisers, bringing in healthy revenues for both stations and rep firms. Back then, budget-conscious advertisers were trimming ad dollars from other media while stepping up their investment in the audio airwaves, presumably to capitalize on radio's cost-efficient delivery of specific audiences.

Today that revenue success may finally be catching up to a humbled radio market. Explains Peter Harrington, network radio manager at BBDO in New York, "Double-digit increases just can't be sustained indefinitely."

Still, the rep firms once again are pointing to a variety of hopeful signs and projecting a stronger fourth quarter that they say will carry them into a more robust 1989. Eastman Radio, for one, reports ad dollars committed for the third quarter running 10% ahead of last year, with "future bookings looking pretty strong," says president Butrum.

What's more, many sellers expect television advertisers frustrated by the writers' strike to shift some of their ad dollars to radio. Still others hope that radio's immediacy will attract election-year politicians seeking to react quickly to opponents' hurled accusations. This could help spot radio in particular.

Figuring these upbeat signs, some ad-time sellers predict CPMs will rise around 5% this year. "I think we've probably bottomed out," says Wakefield. Still others go so far as to acknowledge that overall CPMs are closer to flat — yet they insist that's not bad progress considering the way things are going. "What we're not doing is going backwards," defends Steve Youlios, vice president of sales for CBS Radio Networks.

RADIO'S TOP-TEN SPENDERS, 1987

Network	Radio Advertising Expenditures (000)
1. Sears Roebuck	$52,701
2. Warner-Lambert	24,614
3. Procter & Gamble	23,665
4. Anheuser-Busch	23,456
5. Bayer AG	20,221
6. Ford	19,766
7. General Motors	18,906
8. Tele Disc	15,758
9. AT&T	15,003
10. Campbell Soup	14,763

Spot	
1. Anheuser-Busch	$43,550
2. General Motors	34,829
3. Philip Morris	29,489
4. Sears Roebuck	21,211
5. PepsiCo	19,766
6. Delta Air Lines	19,671
7. Southland	18,317
8. Chrysler	17,138
9. Pillsbury	16,366
10. American Airlines	16,106

Source: Radio Advertising Bureau

Some agency people question any industry optimism. "Everybody is hoping for that big fourth quarter," says Joanne Taub, vice president and assistant media director at Grey Advertising in New York. "I think that all stations are bullish. They are trying to meet quota."

Taub is far from alone in thinking sales reps are looking through rose-colored glasses. "A lot of advertising agencies were expecting spot radio rate increases in the 6-9% range. That estimate was predicated in anticipation of strength in local markets," says Janice Clements, executive vice president and director of media services at New York's Laurence, Charles, Free & Lawson. "I would say that, depending on the market and circumstances, rates are coming in under the 6% most people had estimated."

Of course, more than just the fourth quarter is at stake. Says Tami Meldrum, senior broadcast buyer at HDM in Los Angeles, "If fourth quarter dies in Los Angeles, there will be no increases in 1989, at least until the following fourth quarter."

Even more damning, media directors say the traditionally strong local radio markets — their revenues last year rose by nearly $300 million — may start to suffer due to an unexpected competitor: cable television. Media decision-makers report an increasing number of radio advertisers switching ad dollars over to local cable. Part o the reason is the cost for an ad spot on cable is comparable to that bought on radio, with the added advantage of visual impact.

Indeed, with more stations — an non-radio media like cable — com peting for the same pools of listeners many rate-card setters have been force to lower their stations' cost per rating point (CPP). For example, the averag CPP in St. Louis during last year' fourth quarter was $50, down from $6 a year earlier, according to Wakefiel

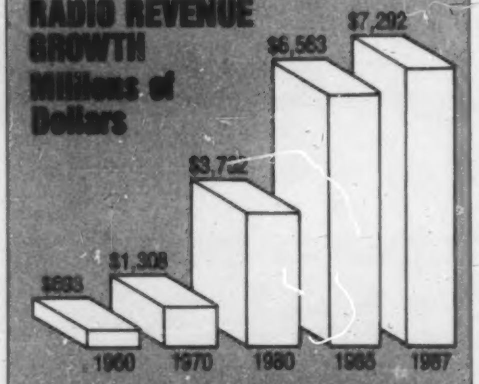
Many stations are scrambling to fin ways other than sheer listener numbe to prop up proposed rate increase

"We're seeing instances where, if we can show an added value — a personality, a station that's really strong, promotions, things beyond rate — we can justify a higher rate," Wakefield notes.

However, some agencies suspect that stations may be unfairly inflating advertising rates to help cover some of the debt that acquisition-hungry media conglomerates have incurred over the last year. "Debt service will affect advertising rates only to the extent that sales reps will use it as a tactic," cautions Clements. "There are very few cases where a station is a must-buy."

In their quest to bolster sagging ad revenues, radio conglomerates are offering discounts to advertisers who buy in bulk. It's not surprising. Today, in the wake of Westwood One's purchase of Mutual Broadcasting and NBC Radio Networks, there are just four major players controlling the lion's share of network stations: ABC, Westwood, United Stations and CBS Radio Networks. At the same time, the number of networks under each umbrella has multiplied. "From 1977-1987 there were about eight or nine additional networks. That means more inventory," says Peter Moore, president of the Radio Networks Association.

RADIO REVENUE GROWTH
Millions of Dollars



Year	Spot	Local	Network	Total
1987	$1 315	$5 605	$371	$7 292
1986	1,333	5,313	380	7,026
1985	1.319	4.915	329	6.563
1984	1,184	4,412	288	5,884
1983	1.023	3.739	254	5.015

Source: Radio Advertising Bureau

But the bulk offerings are getting a mixed reception: Media buyers caution the buy is not for everyone. "It's good for somebody who's really after a low cost per point, who's interested in tonnage," Harrington maintains.

For radio stations, the initiative to lure in more ad dollars comes none too soon. Stations' costs are up several percentage points so far this year, observers say, with hidden expenses decreasing bottom lines even more. Recent deals involving networks paying big bucks to woo celebrity radio hosts from rival networks may have dramatically raised the ante.

Also a cost factor is increasingly intensive research efforts. As part of their push to woo advertisers, more radio stations are delving into audience data bases to shore up arguments that their stations reach an indispensible market.

"Before we went in and said to the advertiser, 'This is [New York's] BLS listener,' " explains Frank Neill, vice president of marketing research at McGavren Guild Radio. "Now we can say, 'This is the profile of the Burger King listener and you should buy BLS because it matches the profile of the BLS listener.' "

Media people cast a skeptical eye at such efforts, insisting that who's saying something is just as important as what's being said. "You'd have to have your research department really evaluate the material," says Taub. "Just because somebody says something doesn't mean it's true." ■

A CONVERSATION WITH JILL GORDON

Jill Gordon is vice president/network program supervisor at DDB Needham, New York.

On fragmentation: Because audiences are decreasing — and the population is increasing — it's driving down GRPS. But youth demos aren't having the same problems as the older markets, which are showing big increases in population.

On the soft radio market: There's nothing to think that it's going to turn around. I don't see any change in the advertisers.

On networks' ad-package deals: There's a lot of packaging going on that's keeping prices down . . . You're basically buying a bunch of networks. They offer advertisers lower rates, if you're willing to take not only the top stuff.

On radio versus tv spending: I usually find when tv gets tight, radio usually goes soft. Tv eats up the money . . . The writers' strike could technically help radio a little; there could be some spillover, but not to a great extent. It certainly won't hurt.

MAKING ENDS MEET

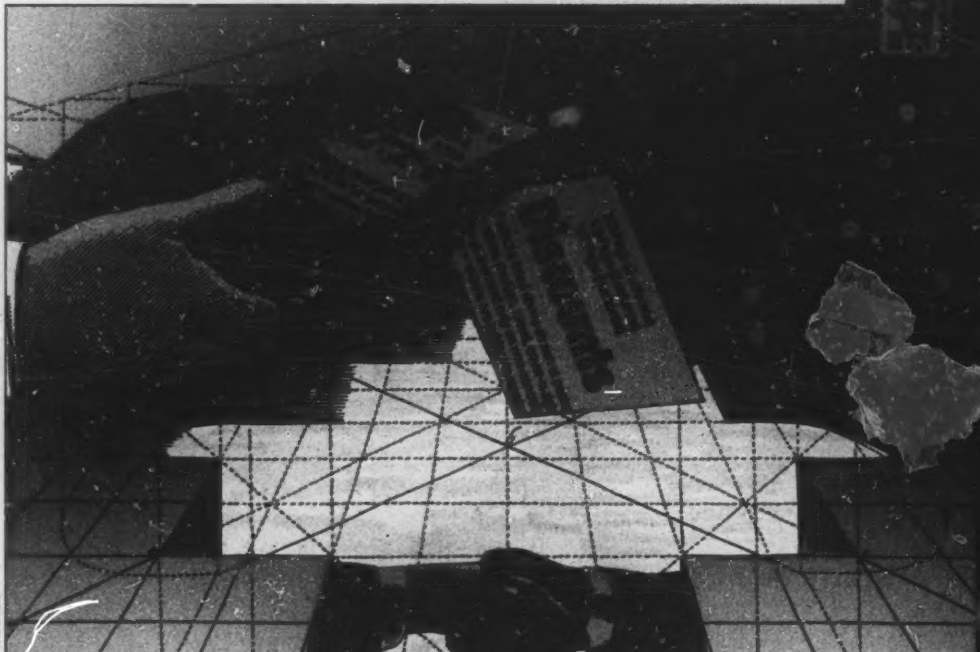
Magazine rates are on the table, and so are high bills for basic needs. Rates will rise, but they'll probably give more for the money.

by Amy Alson

Publishers feel that they are caught in a bind tighter than the spines enclosing their books. Magazine executives say the past year caught them unaware of how steeply basic costs would rise. Add the earnings some have had to give up at the rate-negotiating table this year, and you have a formula that can only mean one thing: higher ad rates for 1989.

How high is another story. As usual, where you stand on the issue has a lot to do with where you sit at that table. Our poll of media directors finds opinions averaging out to a modest 5% rise, while publishers aim much higher. On average, advertising rates could climb 7%-to-8% over 1988 rates.

Leo Scullin, senior vice president, director of new electronic and print media at Young & Rubicam, expects magazine ad rates to rise "no less than 4%, no more than 8%, basically to cover postage and paper cost increases."



MARC YANKUS

In agreement is Jim Surmanek, senior vice president, executive media director, at J. Walter Thompson in Los Angeles, who says, "I don't think they'll be any padding on the part of publishers [to counter discounting] because they're in a competitive situation."

Saatchi & Saatchi DFS Compton meets Scullin in the middle. The agency estimates magazine advertisers this year are paying 6% more per-thousand than they did last year and that the average cost-per-thousand will rise 6% again next year. The agency predicts magazine-ad revenues will be up 6% in 1988, compared with an 8.5% gain for all major ad-media revenues. Saatchi then sees magazine ad-revenue gains slowing to 5% in 1989 to $9 billion, while all major-media revenues will rise 6.7%.

Some industry observers see problems ahead for magazine advertising. Alan J. Gottesman, media analyst at PaineWebber Inc., expects magazines to lose media dollars to the broadcast market starting late in 1989. In addition to this, "Publishers may have hurt themselves by adopting the practice of negotiating rates," he asserts.

Industry guru Robert J. Coen, senior vice president, director of forecasting

at McCann-Erickson, agrees that "more ads are being bought, but the biggest gains are made by the magazines offering the best bargain prices." He forecasts an 8% gain in magazine ad revenues for 1988.

Then there's the sellers' point of view. Joe Cece, director of magazine development at Murdoch Magazines, says, "If ad rates rose 6% in 1988, I think we might see more like 9%-10% rate increases" for 1989.

BASIC DATA FOR CONSUMER MAGAZINES SELECTED YEARS 1970-1987

	1987	1986	1985	1984	1983	1980	1970
Number, including farm publications	1,880	1,793	1,805	1,751	1,639	1,456	1,197
Advertising in major magazines							
Pages (per year)	155,600	152,600	152,600	153,800	133,000	114,700	76,900
Dollars (millions per year)	**$5,390**	**$5,120**	**$4,920**	**$4,668**	**$3,939**	**$2,846**	**$1,169**
Circulation per issue							
ABC audited magazines (millions)							
Single copy	79	78	81	82	83	91	70
Subscription	**257**	**251**	**243**	**233**	**222**	**174**	**173**
Total	336	329	324	315	305	265	243

Source: James B. Kobak & Co.

The major cost factors that regularly drive magazine-publishing costs are postage and paper. Total magazine costs as a percentage of revenue actually fell in 1987, to 86.5% from 89%; pre-tax operating profits rose to 13.55% from 11.04% the year before, according to a recently released survey by Price Waterhouse for the Magazine Publishers of America (152 magazines responded versus 181 in 1986). But these gains were undone in 1988.

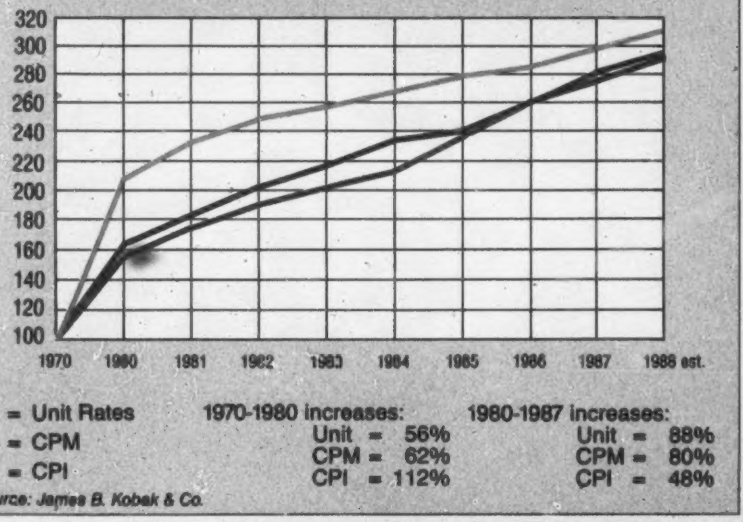
Publishers had anticipated a tight 1988, but the pinch hurt more than expected. The U.S. Postal Service had warned of an impending rate increase, and paper price hikes were expected since mills were running at full capacity. But paper rose more than anticipated, and smaller cost items such as ink also climbed unexpectedly. Even publishers who instituted cost-cutting measures for 1988 say that for 1989 they are forced to pass on higher costs and up their own prices. Advertisers may find small solace in the fact that readers will share the burden and pay more for magazines next year.

Paper prices are expected to rise again at the start of the year as well as next May and October. "I think the latter two increases may not materialize, [but] we have to be prepared for 10%" overall higher paper costs, says Dale Lang, managing partner of Working Woman/McCall's Group, a 50-50 joint venture with Time Inc. This past year, pricing for paper "was much worse than we thought it was going to be," says Reginald K. Brack, Jr., president of Time Inc.'s Magazine Group.

The paper used for most magazines, coated groundwood, is used in catalogs as well as in magazines. The American Paper Institute, a manufacturers' trade group, says, "Demand has been rather flat from the magazine industry, though it perked up somewhat at the end of last year and beginning of this year, as indicated by a turn up in ad pages." But demand from direct-mail marketers grew and drove up paper prices. On average, paper costs have risen 11% over the past year. Paper mills now being built will increase capacity and reduce cost pressures, but not before 1990.

High postal rates could slow demand for paper in the year ahead, Lang suggests, and lower paper costs next year.

CONSUMER MAGAZINE AD RATE INDEX



Source: James B. Kobak & Co.

Catalog mailers, who were especially hard hit by postage rate hikes this year, will trim their mailing lists, and magazine circulations may get cut back slightly. There will be less bonus circulation, and things like comp lists will get pruned.

While postage increases were no surprise, they were steep. Brack says, "The same postal rates that gave the public a 25¢ stamp gave publishers about a 19% increase in cost. Obviously, we can't raise ad rates 19%, but we are having to ask readers and advertisers to pay more."

Claeys Bahrenburg, executive vice president and group publisher at Hearst Corp.'s magazine division, adds, "It wouldn't suprise me if we see [price hikes] on both revenue streams."

At Meredith Corp.'s magazine unit, spokesman Craig Maltby says, "As far as postage, we're going to pass along [the increase] by raising prices" to readers as well as advertisers. The company has been testing newsstand sales incentives, which will be useful if cover prices rise.

In 1988, the average single-copy price of a magazine rose to $2.30 from $2.20, where it had been since 1986, estimates industry consultant James B. Kobak. And the average yearly subscription price inched up to $24.85 in 1988, from $24.45 in 1987 and $23.24 in 1986.

Cece of Murdoch says, "My guess is that there probably will be more price-testing by publishers this year than last year." For example, it's possible to raise circulation income by raising the basic subscription price or, more subtly by reducing the discount between basic and promotional subscriptions, which cost up to 50% less than basic price.

Readers of the "Seven Sisters" may be spared. "We constantly test what

CONSUMER MAGAZINE SOURCES OF REVENUE

	Advertising	Subscriptions	Single Copy
1970	64.33%	27.91%	7.76%
1980	51.14	32.67	16.19
1981	51.08	33.30	15.62
1982	50.19	33.32	16.49
1983	49.87	33.70	16.43
1984	51.91	32.97	15.12
1985	49.70	33.29	17.01
1986	50.40	33.60	16.00
1987 (est)	50.08	33.60	16.32

Source: James B. Kobak & Co.

A CONVERSATION WITH DAVID BUCKLEY

David Buckley is vice president, media director, The Shalek Agency, Los Angeles.

On bargaining: There isn't so much resistance to rate increases.

The magazines get so out of focus, but sometimes its the agency media departments' fault too. They set an agenda of talking about rates. Clients want to know, 'What kind of impact am I going to get?'

On negotiating: Magazines realize they have to do more than provide a simple ad page. I want to talk about merchandising, what extra [illegible] are they making to add extra impact to my ad.

If we run in [a national] magazine, local dealers want to know what it does for them. Can we get demo tags, extra copies or must I wait out a three-month time [to see measurable results]?

It's not that we want this, but we need this . . . [Added-value options] offer more justification for spending my money in the book.

On publishers' costs: They can generalize about postage and paper, but they have got to justify their circulation, the quality of their readers. When publishers talk about advertisers bearing the burden of postage costs, well, postage is [insignificant] relative to overall costs in the creative unit.

On creative's role in media-buying: Clients are becoming much more sophisticated about this. GRPs, reach and frequency just don't make it anymore. . . We're talking about creative impact — not back of the book versus front of the book, but stretching the dollars we spend in the book.

the reader will pay for the magazine," says Dale Lang. "[We] can't miss the rate base." If consumers resist higher prices, "We may have to eat some of the [cost] increases." But he notes, "Most increases will be passed on to advertisers" in higher rates. He won't say how high.

"Last year there was no cost increase at all passed along to advertisers because of negotiations," Lang claims. "Publishers are getting very marginal prices for their pages. In tv, [costs were] passed on, and other magazines passed costs along, but the Seven Sisters didn't."

At Murdoch, Cece says postage increases will affect different magazines' costs very differently — ranging from +15% to +23%, depending on the ad-edit ratio, weight of book and distribution patterns. "A good contrast is *Elle* versus *New York*," he suggests. *Elle* is a heavy-weight, nationally-distributed magazine with a high ad-edit ratio; *New York* is a local book printed on lighter paper, with comparatively more editorial. *Elle*, therefore, will pay a higher postal rate than *New York*.

Raising prices and encouraging high-volume buys to pass along higher costs is a serviceable short-term solution. But publishers want to end their industry's costly dependency on the U.S. Postal Service. In fact, publishers are cooperatively exploring private distribution.

Time Inc.'s experience in 1988 reflects how rising basic costs have affected even cost-cutters in the industry this year, forcing prices up for 1989. Time implemented a cost-savings strategy to cut $85 million from its 1988 costs. And Brack asked "advertisers to use our magazines in more cost-efficient ways," as evidenced by a spate of single-advertiser special issues now, or soon to be, rolling off Time's presses. To increase its share of magazine advertising, Time became "more competitive," in Brack's words, which included the introduction of its corporate-volume incentive plan, dubbed Max Plan. The result in 1988 was "the lowest CPM increase in Time magazines' history."

However, "because of the fact that inflation is back," Brack adds, "it's unlikely that [Time will] have the lowest CPM increase in our history for a second year in a row." Yet 1989 ad rates won't alienate advertisers: "I would point out to any advertiser that [Time's long term goal is] to increase our share of a rather stagnant market. That means staying competitive." At press time, rate plans for the coming year were still in the planning stages.

MAGAZINE ADVERTISING RATE INCREASES COMPARED TO OTHER MEDIA COST PER THOUSAND

	1970-1980	1980-1987	1970-1987
Consumer magazines	56%	62%	178%
Business magazines	28	91	145
Day net tv	77	68	197
Eve net tv	67	137	296
Newspapers	75	103	255
Supplements	48	81	168
Net radio	8	75	89
Outdoor	53	138	264
Consumer Price Index	112	48	213

Source: James B. Kobak & Co.

Such an accommodating stance is typical in today's buyers' market. Most publishers hope to counter the effects of discounting by creating more ways to buy their magazines.

Meredith promotes packaging and merchandising incentives to lure advertisers, Maltby says. "We merchandise our combination of properties to the hilt . . . broadcast, books, list marketing, even the real-estate group if there's something we could do." Meanwhile, *Better Homes and Gardens*' rates go up 6.75% with the November 1988 issue, and Meredith's *Midwest Living*'s ad rates and base both rise for an 8% net increase in CPM, effective January.

For media buyers, this environment is a veritable field day. Now, JWT's Surmanek says, "When it comes down to negotiations, there will be a heightened awareness of the need to negotiate positioning and merchandising as well [as rates]." Paul Du Charme, vice president, director of print media at Grey Advertising Inc., and head of its negotiating team, says "Rates aren't necessarily the issue" on the table. In fact, he says, "I don't think the Seven Sisters can discount any further . . . Their focus is not so much on rates as on asking what else they can give the client," be it merchandising or multimedia buys.

The business books and newsweeklies offer "Max Plan and the Max Plan clones," Du Charme says. And though publishers deny it, he maintains, "Within those groups, there are individual groups that will negotiate rates depending on how competitive a book it is and how important the [ad] category is to the book."

Du Charme notes, "One negotiating tool that seems to work for both publishers and advertisers is the 'one-time-only,' something that can't be duplicated, at special rates, like an advertorial." Again, it doesn't directly affect ad rates, and it's more flexible for the publisher. "Most are easy concepts. Inserts are tremendous right now, especially supplied inserts for which the media space is negotiable since it doesn't cost anything to the publisher."

Steven I. Naftelberg, senior vice president, director of media services at DCA Advertising Inc., says a growing number of business-oriented consumer magazines are now trying to give advertisers more buying options. "That puts more pressure on the larger-circulation books to maintain or put minimum increases on their rate structures." For example, he cites, "A newsweekly came to us and said, 'Our rate increase is 3.6%, but commit to six pages and we'll cover you' — which means keep the rate constant — 'for all of your client's major categories.'"

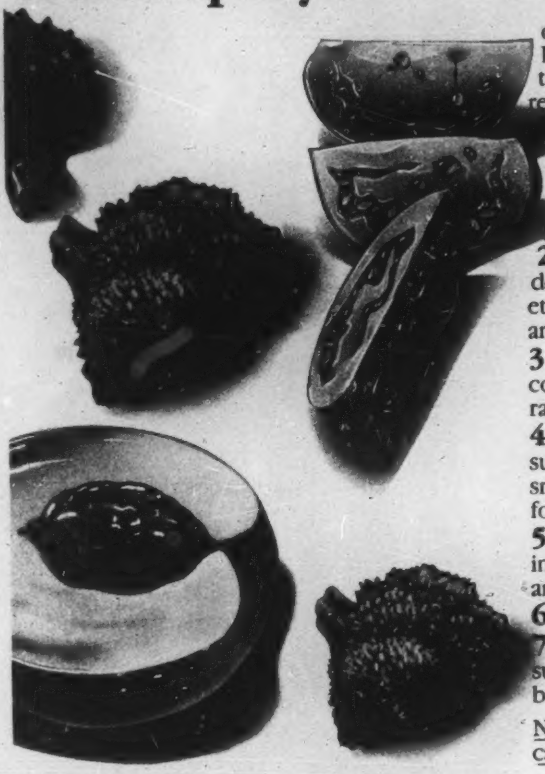
Naftelberg adds, "We — the dollars they're chasing — are in a better position because our options have expanded."

But because of the postage and paper hikes, "I don't think many can do what Time did last year — hold the line," says Scullin of Y&R. "I think cover prices can go up, that's fine, but what they really have to do is improve the net per copy served by renewers.

"It's been a decent year in ad pages — and it should have been, because of the quadrennial," Scullin goes on to say, noting that publishers typically treat that extraordinary page gain from Olympics and election advertising as real growth and use it to justify rate hikes. But this year, "I think they'll stay pretty close to their vests."

And Jim Surmanek at J. Walter Thompson in Los Angeles speculates that magazines may benefit from an extraordinary surge of business in the fall. "Because of the writers' strike and the delay in the new [network television] seasons, magazines, and particularly weekly magazines, might see an influx of new advertisers who have not spent all [their money on broadcast]. Why just buy more frequency on tv for reruns?" Surmanek asks. "Print never has reruns." ■

A defense against cancer can be cooked up in your kitchen.



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2. Include dark green and deep yellow fruits and vegetables rich in vitamins A and C.
3. Include cabbage, broccoli, brussels sprouts, kohlrabi and cauliflower.
4. Be moderate in consumption of salt-cured, smoked, and nitrite-cured foods.
5. Cut down on total fat intake from animal sources and fats and oils.
6. Avoid obesity.
7. Be moderate in consumption of alcoholic beverages.

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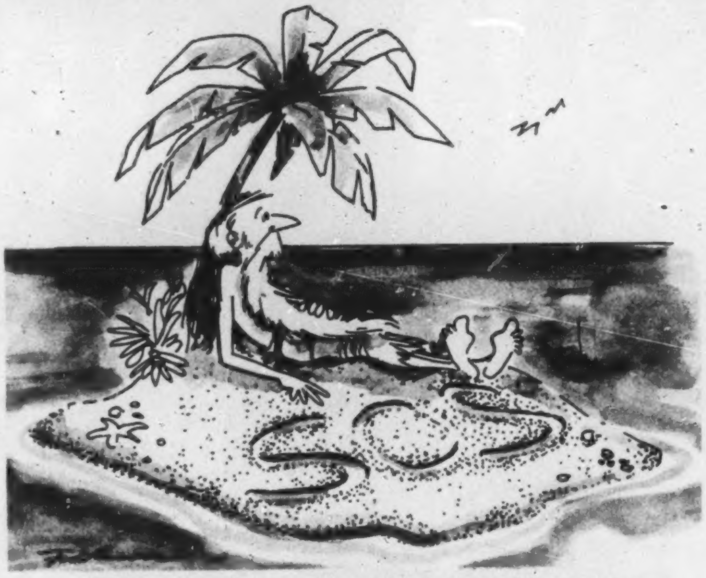
AMERICAN CANCER SOCIETY



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(Media Records, year-end rankings, 1987)

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METROGROUP

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TRADING UP

It's risky business for the business press.

by Fred Pfaff

The dog days of August feel a little hotter than usual to those in the business-press industry. Trade publishers are sweating through a period of markedly higher costs at the same time advertisers are demanding more rate deals and merchandising packages. Meetings at some major publishing companies this spring pitted advertising types pushing for moderate increases against operations pros lobbying for double-digit hikes. The reality, publishers think, is rates will rise 8-9%, on average.

"If that happens, they'll be cutting off their noses," reacts Charles Gade, a BBDO vice president and associate media director who's been braced for 6% increases. "Budgets haven't kept pace with inflation or with rate increases in the last few years, and advertisers are digging their heels in more than ever — they won't pay upwards of 10%."

According to Gade's read of the situation, "A magazine will have to offer a lot more than a page to justify a 10% hike. If not, magazines will be dropped from schedules or the number of insertions will be cut or," he warns, "there will be heavy negotiating to bring the cost of a schedule back within reason." Gade's own game plan is to push for a price per schedule — a minimum of six pages is his rule — not per page, expecting that "publishers will kick and scream, then give in and cry all the way to the bank."

However, despite Gade's public saber rattling, there is general recognition that publishing costs are rising — postage and paper are both up substantially — and also that some of the alternatives such as consumer media and direct marketing may not be cost-effective. "I'd like to say publishers should hold the line on rates, but they just can't," admits Bill Hebel, vice president and account media director at J. Walter Thompson/Chicago. "For the specialized audiences we're trying to reach, I don't know how any medium can compete with trade publications, which are very inexpensive and

MARC YANKUS

targeted to specific readers. We know these specialists are reading and watching other media, but those are still a ton more expensive than the trades."

For their part, publishers insist that ad-cost increases are justified. "The underlying cost increases over the last 12 months have been horrendous," says Phillip Meek, president of Fairchild Publications and president of the publishing division of Capital Cities/ABC. He points to changes in second-class postage rates, which sent mailing costs flying upward of 18%. Meanwhile, food companies are buying reams of paper for use in microwave-food packaging, helping to deplete the supplies at paper mills. Indeed, First Boston Corp. director Kevin Gruneich is figuring in a summer price increase to leave the cost of number-five coated lightweight groundwood (the paper most trade publishers use) 22% higher than a year ago.

BASIC DATA FOR BUSINESS PUBLICATIONS
Selected Years 1970-1987

	1987	1986	1985	1984	1983	1980	1970
Number, including farm publications	3,883	354	3,486	3,212	3,039	2,650	2,376
Advertising in major magazines							
Pages (000)	1,845	1,820	1,811	1,775	1,705	1,700	1,093
Dollars (millions)	$3,500	$3,250	$3,021	$2,850	$2,470	$1,925	$836
Circulation per issue (millions)	72	72	72	72	72	66.8	62.3

Source: James B. Kobak & Co.

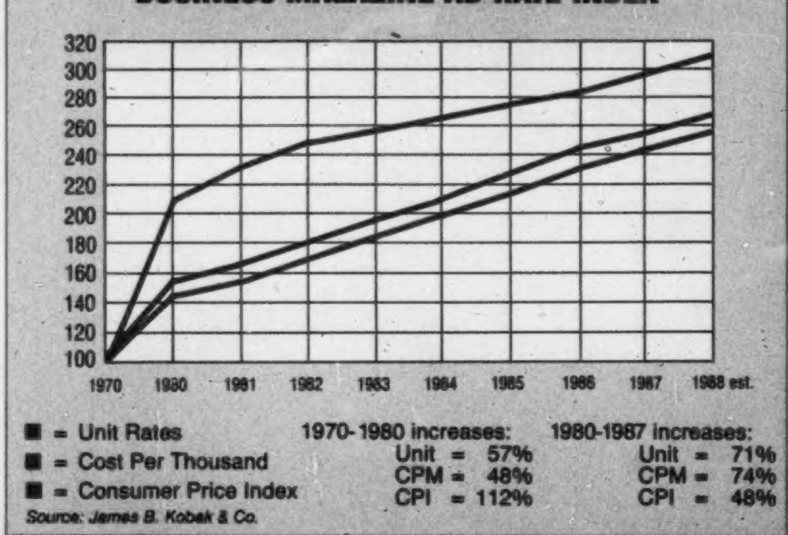
One place publishers might look to cut some costs, suggests publishing consultant Shirrel Rhoades, is in printing. "Publishers are going to have to scramble to pound out better deals with their suppliers," he says. But Meek points out that many of those suppliers are strapped themselves, so a better bet might be to invest printing dollars in desktop publishing equipment, "something you'll see a lot more of in the next few years," he predicts.

The sooner, the better, say planners, who are tired of paying more to solve someone else's cost problems. They say they'll be scouring audit sheets this fall. "I'm going to hold all of my publications accountable," proclaims David Buckley, vice president and media director at the Shalek Agency in Los Angeles. When one publisher called on the agency in January with a higher rate for a shrinking circulation, Buckley showed him the door. "If my post-buy analysis shows they're not delivering more," Buckley warns, "I'm not going to pay the increases."

Yet circulation — especially for those with a controlled readership — has become a major cost headache for much of the business press. Keeping lists current, not to mention adding new qualified circulation, has become particularly onerous as the wave of mergers and acquisitions continues to crash over corporate America and either changes or washes away titles and positions. Some publishers have been trying to shore up circulation through telemarketing, but Shirrel Rhoades believes most magazines will return to direct-mail solicitation. Since their competitors are hammering away at their circulations, Rhoades notes, many publishers will have no choice but to bear even higher postage increases.

Publishers are starting to put the squeeze on their staffs, and some planners are worried about the consequences. For years, planners have called on publishers to absorb more of their rising costs. The assumption is that trades maintain high profit margins — "They'd make a killing charging half price," quips one media director — and of course that every company can run leaner.

BUSINESS MAGAZINE AD RATE INDEX



Source: James B. Kobak & Co.

But margins have been shrinking. "The whole trade-margin issue is overstated," argues Phillip Meek. "During the 1970s, people discovered what a hell of a business trade publishing could be, and the number of companies and books in any given field mushroomed. Now competition is putting tremendous pressure on margins." The reality, estimates Dan Sember, president of MacLean Hunter, is that most magazines average about 12% pretax.

Over the last year or so, MacLean Hunter, like many trade publishers, has passed on more of its exploding health-care costs to employees, switching to plans with higher deductibles and second-opinion restrictions while asking employees to cover half the premiums. As for staff cuts, Sember says, "Most publishers made cost cuts in the early 1980s when the recession hit. This is a labor-intensive business, and there's really not much more they can do."

Cutting away at the heart of a trade magazine — the editorial department — may be counter-productive anyway. For magazines whose value is insight into businesses, a short-staffed edit department, or one constantly stocked with young, green reporters, will only make the book less important to readers, and therefore advertisers.

Despite the real price increases, planners believe many publisher cries are overwrought. Planners say they're already disregarding the posted rates in whole categories of magazines, so on-card hikes may mean nothing. "Number-two books and below are just dropping their drawers for us to get on schedules," says JWT's Bill Hebel.

That's opening up a new wave of thinking about schedule consolidation, which used to bring more business to category leaders. "You're no longer locked into buying the first book in a category," adds BBDO's Gade. "In most cases, a strong schedule in the number-two and three books really won't hurt an advertiser. In 1989, more people will be buying the number two and three publications that are willing to work with them."

You won't find Fergus O'Daly cheering, though. The chief executive officer of Poppe-Tyson fears "that leaves the leaders — the ones doing the best job — without the money they need to keep their editors really cracking, and the quality will go down. Ad-

A CONVERSATION WITH ROY MINSTER

Roy Minster is media director of Hammond Farrell Inc.

On then and now: In the trade press, because budgets are generally modest and, therefore advertising clout is diminished, publishers were able for years to maintain their independence. It was in their interest not to seek sophisticated syndicated research. In reality, funds for syndicated research were never really available. The best we had were audits and self-serving reader preference studies to somehow justify the rates. The buying procedure, in the past often involved the simple task of multiplying by 12, whatever, and the buyer would tell the salesman the plan is executed, and the salesman would happily punch up the order. Today, the business-industrial press can no longer merely rely on a simple-sell based on a rate card. Furthermore, in today's economy, publishers who come in with 8% increases are asking for severe resistance. Now publishers are increasingly offering buyers a menu of 'added values.'

On the buying climate: I don't expect to find any Holy Grail, any unique device we can use to help us improve our selection process in 1989. Today, more and more buyers, particulary those in media-buying services, are used to the media marketplace being fractionalized. This is good news for the business-industrial press which is extremely segmented. Although the trade press is extremely fractionalized, planners and buyers are disciplined in dealing with segmented media such as broadcast (cable), and they should be able to cope with the variety of market opportunities offered by the trade press. My guess is, that means the media planner/buyer in the 1990s will become more and more a generalist, similar to what existed 20 years ago.

On rate-cutting: Trade publishing is a cash-flow business. Publishers concentrate on revenues in the immediate months ahead and even advertisers and agencies are concerned with the short term. Therefore the buyer must obtain 'extra value' that is built into the negotiated price to provide advertisers with a more meaningful package as opposed to a simple 'price cut' or 'off-card deal.'

On merchandising: Publishers would be wise to keep up those incentives. They're another way of appearing to do something about costs, and it costs them nothing. They win no matter how the dimes fall. Planners are best served by being very specific. Design your own value-added and seeing who comes along to match it and satisfy it.

vertisers forget that American industry has a quasi-contract with the trade press, and a $50,000 discount only diminishes a valuable communicator."

It may also hurt agencies. "In consumer magazines, you have much larger budgets and many fewer people per million dollars on each account," says O'Daly. "If you have three people on a $10-25 million consumer account, you'd need 25 on a business-to-business account that size. And the medium itself isn't as expensive. When we negotiate rates down, we're also negotiating our commission down."

Planners' fallback position on rates seems to be in asking for more in the way of merchandising support. Some of the major group publishers like Chilton and MacLean Hunter are accommodating buyers with services such as customized research that in some cases can even bring in profits.

These services may help trade books keep more dollars in the print sector rather than shifting to experiments in media such as cable or even the more consumer-oriented business books such as *Business Week*. For example, General Electric's consumer and industrial lighting division put some of its trade dollars in cable this year, reasoning that no one category of magazines reaches the people who light up companies and hospitals. They expect to place more dollars in cable next year.

Other companies are trying direct marketing, sales promotion and even good old-fashioned public relations. Desktop publishing, for instance, is leading many advertisers to produce their own circulars, which can be mailed to prospects identified by lists they buy from trade magazines.

Still others are going one step further, into pre-recorded videocassettes that proponents claim can be used over and over as a sales tool, training apparatus and general goodwill enhancer. Richard Kaye, president of Semel/Kaye, an agency based in Northbrook, Ill., claims "Video is the hottest area in B-to-B. Every one of our clients is asking, 'Can we do this in video?' "

Another targeted option for advertisers is local and regional business publications. But these magazines have had a rough year too. Plus, they are pricey by any per-thousand measurement and take work to buy. Camille Harris, founder of National Business Network of Regional Business Publications, which is now owned by 3M, doubts the majority of her network's books will raise their page rates at all in 1989. "Instead, they'll offer a lot more package deals and merchandising," she says. "Advertisers will get the chance for much more face-to-face selling at the local events that the publications will sponsor."

The good thing about today's more complicated atmosphere, reasons the Shalek Agency's David Buckley, is that it makes both advertiser and publisher more creative and concentrated on getting results. As he puts it, "All this is making the buyer and the seller really get right down to the bottom line of what they can accomplish." ■

BUSINESS MAGAZINES' SOURCES OF REVENUE

Year	Advertising	Subscriptions
[illegible]	[illegible]	[illegible]
1977	71.6	28.4
[illegible]	[illegible]	[illegible]
1979	71.1	28.9
[illegible]	[illegible]	[illegible]
1981	70.0	30.0
[illegible]	[illegible]	[illegible]
1983	67.7	32.3
[illegible]	[illegible]	[illegible]
1985	71.5	28.5
[illegible]	[illegible]	[illegible]
1987	72.2	27.8
[illegible]	[illegible]	[illegible]

Source: James B. Kobak & Co.

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BACK TO BASICS

National rates will reflect some publishers' problems that are closer to home.

by Amy Alson

The quest to increase newspapers' share of national advertising has been a major, if frustrating, preoccupation for their publishers. Chances are it will remain so in 1989, but whether it gets the same attention as in the past remains to be seen as these crusaders wrestle with more fundamental business problems.

Publishers costs are on the rise, though less than for some other media. Of more concern is the fact that some sources of revenue appear to be weakening in the face of an uncertain economy and a fiercely competitive selling environment. Classified advertising, which finished 1987 up 15% and accounted for 36% of total industry ad revenues, is expected to increase only 9% in the year ahead. And retailers, those core newspaper advertisers, are suffering anemic sales and merger dislocation in 1988 and thus have fewer ad dollars to spend. Publishers have no choice but to look for relief wherever they can find it. One place is in national rates, which are likely to rise 7% to 8% for 1989.

This has some buyers worried. Bud Shields, newspaper buying supervisor at Lintas: Campbell Ewald in Warren, Mich., whose major client is General Motors Corp. (the top-spending national newspaper advertiser in 1987), says, "We were anticipating increases of about 7% [for 1988], and they've been coming in around 8%, 8.5%, 9%. Gannett raised rates in July, about 8.5% right across the board."

Given such broad mid-year increases, Shields says rates shouldn't climb more than 7% in 1989 and "hopefully not until midyear again. Otherwise, we're going to have second thoughts on the amount of business we do in those papers."

Another troublesome development for publishers is that the intermedia battle for national advertising dollars has moved down to the local level as newspapers face increased competition from other local media. Spot and local television as well as cable are courting local advertisers aggressively, and the expanded market for yellow-pages ad-

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Paren
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adults he
back ho
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MARC YANKUS

NEWSPAPERS

vertising is seen by some publishers as another drain on local ad dollars.

Meanwhile, ad spending is down among regular newspaper users. The financial-services category was battered by last year's stock-market crash. Tobacco companies have continued to cut down, setting the medium back a core ad category. And retail linage is soft.

For example, in the first three months of this year, department stores trimmed advertising in newspapers 12.8% from the year-ago period to $919.6 million. Discount chains such as K mart cut newspaper advertising by a stunning 46%, to $90.1 million, according to the Newspaper Advertising Bureau (NAB).

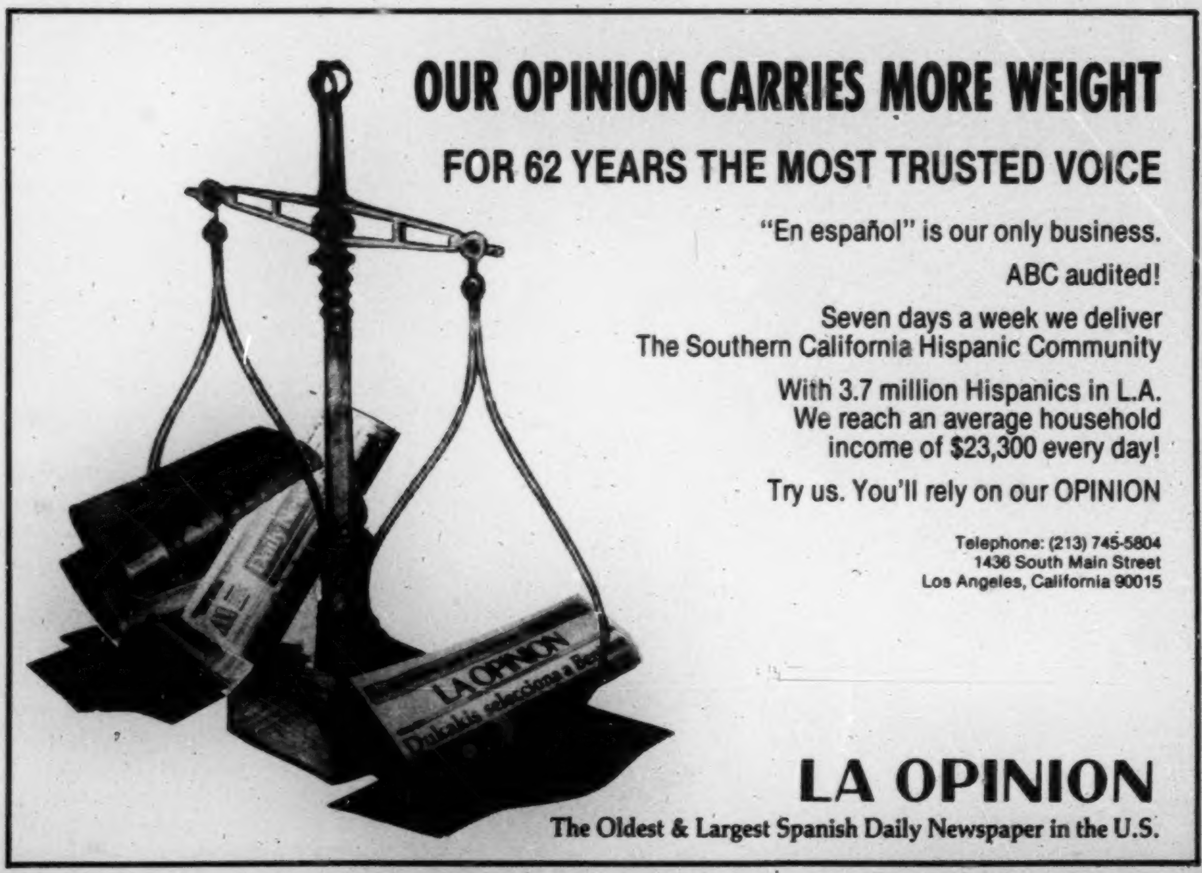
In the financial section, investment brokers cut back 42% to spend $10 million for the quarter, the NAB reports. And mutual-fund marketers spent 53% less, or $3.3 million, in the first quarter of this year compared with the 1987 first quarter.

Overall, retail newspaper-ad expenditures rose a meager 1% in the first quarter, compared to the same year-ago period, to $3.3 billion. Publishers are feeling the pressure to restore linage growth in this traditionally strong area.

Back in the national arena, Jack Cohen, vice president, director of print and outdoor media buying at DDB Needham Worldwide, says, "Unfortunately, newspapers have been hurt very seriously by the fall-off in [retail] ad linage. Rates still are not negotiable," he says, but publishers certainly are more flexible. "What they've done is make more rate breaks. You can begin to get the discounts for less amounts of space.

"We're projecting newspaper rates for '89 will be up 7% from '88 rates," Cohen says. "If they go up a lot more than that, volume will fall off completely. Certainly there's no circulation increase." He also adds, "I think that they'll offer us more in the way of positioning. Upfront space is still given to the retailers. You would think they would court us [national advertisers] a little more recently, don't you? I hate to be negative about it, but national advertisers still don't get the best positioning in newspapers."

Lance Primis, president of the *New York Times* and chairman of the Sales Structure committee of the Future of Advertising Task Force (FoA), a joint project of the Newspaper Advertising Bureau and the American Newspaper Publishers Association, insists the FoA has made progress on that front. "This task force has found a way to get publishers in major markets to cooperate . . . to meet national advertisers needs," he says. His committee is tar-



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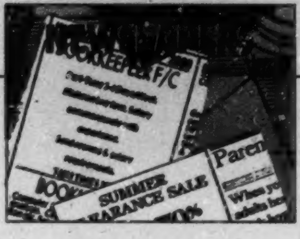

geting five major marketers in different advertising categories that do not have a big presence in newspapers. So far, its efforts have yielded business from American Express, and a committment is said to be coming from Federal Express.

National advertisers' expenditures in newspaper in the first quarter of this year totaled $848.3 million, up 2.2% over the 1987 first quarter. In 1987, national ad revenues in newspapers rose 4% to $3.5 billion, or about 12% of $29.4 billion total newspaper ad spending, and 11% of total national ad dollars, according to the NAB.

For 1988, newspapers' national ad revenues should rise 5% to $3.7 billion, largely "due to higher ad rates" driven by "much higher newsprint costs," says Robert J. Coen, senior vice president, director of forecasting at McCann-Erickson. The NAB estimates a more sanguine 7% gain for $3.8 billion this year.

NEWSPAPERS' TOP-TEN ADVERTISERS 1987

	1987 Investments	1986 Investments
1. General Motors Corporation	$174,889,000	$146,430,000
2. Ford Motor Company	100,690,000	76,136,000
3. Chrysler Corporation	70,166,000	42,203,000
4. Texas Air Corporation	67,287,000	63,417,000
5. Philip Morris Companies, Inc.	49,740,000	57,589,000
6. AMR Corporation	36,195,000	25,194,000
7. American Telephone & Telegraph Co.	35,920,000	31,106,000
8. Allegis	29,368,000	26,900,000
9. Daimler-Benz AG.	28,415,000	23,340,000
10. Toyota Motor Sales Co., Ltd.	28,409,000	22,878,000

Source: Media Records

Dwight Brown, advertising director at the *Houston Chronicle*, says newsprint costs rose much faster this year than in recent years, so publishers must, in turn, raise their prices. But economically depressed markets such as Texas can't take huge hikes, he says, so it's essential to sell more ads.

The market for newsprint, which represents nearly one fourth of newspaper-publishers' costs, is indeed strong, which means it can command higher prices, and relief is at least a year away. The addition of new and refurbished mills by 1990 will end a five-year period during which no new mills were opened in the U.S. Says Sara Freund of the American Paper Institute, "The mills say they will have 695,000 additional tons of capacity by 1990." But that won't arrive in time to assuage present troubles.

There is an ironically bright spot for newspapers in the current cost scenario. Higher paper costs also put pressure on the free-standing inserts that have stolen much regular advertising — particularly coupons — from newspapers in recent years. But daily papers aren't affected by a huge postal-rate hike that made inserters more dependent on newspapers for distribution.

Some newspapers are taking revenge, says one ad director, and raising distribution rates to insert advertisers who use outside printers. Hoping to

[illegible]

trywide for media really to take advantage of it.

On the [illegible]: [National advertisers] have to do something to counteract the national/local price differential, [such as] take advantage of creative positions or fractional ads.

On positioning: National Car Rental is one of the few that we've been able to [find the creative positioning for] . . . [Publishers] need to work more with the FoA's Pricing and Positioning committee.

NEWSPAPERS

lure these advertisers back into ROP, he says, "We're not going to let this little printer run our business."

Another major cost to newspaper companies is labor, but industry analysts say labor costs have been pretty stable this year, with unionized newspapers inherently carrying much higher labor costs relative to others.

A study examining the basis on which 12 newspapers set ad rates was conducted this year by marketing consultants Moran & Tucker for the FoA task force. "We found that newspapers, in setting rates, obviously consider cost and profit objectives. They give great weight to local print competition. But they seem to pay little or no attention to local broadcast rates," notes Jerome S. Tilis, president of the *Detroit Free Press* and chairman of the Pricing and Positioning Committee of the task force.

The FoA committee has long been urging publishers to reduce the premium they charge national advertisers in order to better compete with other national ad media. And it recommends that publishers encourage efficiency by promoting flighting, or serial ads of the same size that run within a specific time period at rates discounted over and above regular volume breaks.

The NAB doesn't track the number of papers that have taken its advice. But the *Houston Chronicle*, in a trade ad for its flighting program "Chron-Flight," promises, "A cost-per-page that is so rock-bottom, you'll think you're off the rate card . . . getting the 'local' rates."

Brown of the *Chronicle* credits Chron-Flight and a local banking-services war with the paper's 11% increase in financial-services linage in the first five months of 1988 versus the same period a year earlier. "We have to have volume incentives that increase advertisers' cost efficiencies," he says. "Frequency is what we want."

The Record of Hackensack, N.J., now charges national continuity advertisers the same as local advertisers, as does the Wichita, Kan., *Eagle-Beacon*. But newspapers aren't rushing to offer rate parity to national marketers.

Despite national advertisers' concern over national rate premiums, newspaper's most serious competitive threat may now be coming from local broadcasters who are increasingly able to lure away local dollars. Tilis of the *Free Press* complains, "I'm not sure that intermedia comparisons can be done . . . I'd like to know who decides what unit of print space compares with what unit of [broadcast] time . . . Does a :60 compare to a page? Does a :15 compare to a quarter-page?"

David Buckley, vice president, media director at The Shalek Agency in Los Angeles, says newspapers ought to be more flexible, even at the local level: "Television is getting much more aggressive at going after newspaper business. Newspapers are going to have to address this increased competition." He laments that newspapers still "use their traditional sell of immediacy and localization." Meanwhile, "here in L.A., one of the local stations [KCBS] is setting up a direct-response division" specifically to target newspaper's core retail advertisers.

"You're not going to buy a car off of terms provided in a newspaper ad. The image advertising on a national level" draws consumers, and only then do financing terms matter, Buckley contends.

"The overriding factor is the justification of the cost of any ad, and now [advertisers] can measure the sales leads they get from tv." And tv stations are pressing that point at a time when newspapers are especially vulnerable.

To counter such challenges, some publishers are taking a more aggressive stance to win and hold ad dollars. Though rates aren't any more negotiable than when competition for ad dol-

It only takes
2 Newspapers to cover
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REVIEW-JOURNAL AM & PM.

60% SUNDAY HOUSEHOLD PENETRATION
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We've reached an all-time high in one of the West's fastest growing markets.
123,194 Daily Circulation*
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LAS VEGAS
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For marketing information, contact: Trudy Patterson, National Advertising Manager
(702) 383-0363 or write: P.O. Box 70,
Las Vegas, Nevada 89125-0070.

*ABC FAS-FAX Report, circulation for six months ended March 31, 1988.

Represented by the
Papert Companies

1988 NEWSPAPER ADVERTISING EXPENDITURE ESTIMATES

	National (12.5%)		Retail (49.2%)		Classified (38.3%)		Total (100%)	
	$ Million	% Chg.	$ Million	% Chg.	$ Million	% Chg.	$ Million	% Chg.
January	283.9	7.7%	1,036.0	1.8%	844.6	8.7%	2,164.5	5.2%
February	268.7	2.6%	1,063.9	1.4%	840.6	8.0%	2,173.1	4.0%
March (p)*	295.7	−2.8%	1,229.4	0.1%	908.4	−1.7%	2,433.5	−0.9%
1st Qtr.	848.3	2.2%	3,329.3	1.0%	2,593.6	4.6%	6,771.2	2.5%

*Source: Newspaper Advertising Bureau; * preliminary*

lars was less intense, Tilis says, "Knight Ridder, at the highest level, is becoming fixated on the customer — both reader and advertiser."

For example, five months ago the *Free Press* established a "Don't Say No" committee, made up of senior executives. "Anyone at the paper can get us together within a day or so and present us with something we said 'no' to a customer on and see if we can find a way to say 'yes.' " So far, six such accommodations have been made, though not all affected advertisers.

Tilis notes that the *Free Press* is atypical in the industry because it has declared itself a failing newspaper. That's an extreme, but major metropolitan newspapers in tough straits aren't news, and their unsure financial bearings certainly affect advertisers' dealings with them.

At the *New York Post*, which was acquired by real-estate developer Peter Kalikow from media magnate Rupert Murdoch earlier this year, national advertising manager Ron Sichler says, "We're certainly more aggressive now because we're back in business. For a while, it wasn't sure we'd be in the market."

Though going off the rate card isn't accepted practice among newspaper publishers, Sichler says, "Some [advertisers] try to do it when they sense that you're in a difficult position. Larger advertisers were more supportive. That certainly helps them in their working relationship" with the *Post*.

Regarding retail advertising, Sichler says, "The consolidation shoe hasn't dropped yet." New York City has, in recent years, lost some sizable retail advertisers to mergers or business failure. This year, Campeau Corp.'s buyout of Federated Department Stores affects both Bloomingdale's and Abraham & Strauss in their ad spending.

Evidently, publishers are willing to accommodate advertisers. What do the buyers think?

That seems to depend on what kind of risks buyers are prepared to take to put new options to the test. A glad day in 1988 for the newspaper industry was March 9, when National Car Rental and its advertising agency, Chiat/Day in New York, announced that National would shift some $2 million from television to newspapers. National's "island" quarter-page ad units ads run in

AUSTIN HAS YOUR NUMBER.

With a circulation of more than 211,000 the Austin American-Statesman reaches 81% of the 561,900 area adults with a Sunday issue.

	% OF TOTAL POPULATION	% OF MARKET REACHED
• $50,000+ household income	23%	89%
• Professionals and managers	26%	86%
• College graduates	32%	87%
• 18-34 year olds	51%	77%

For full details about the Austin market contact Roy Gordon, National Advertising Manager at (512) 445-3745.

Austin American-Statesman

AD SAT

Represented nationally by Sawyer-Ferguson-Walker
Sources: ABC Publisher's Statement, March 1988.
1988 Scarborough Market Report.

We treat
National Advertisers
like one
of the family!

We want national advertisers who buy *The Columbus Dispatch* to feel welcome. So now we give you the same range of volume discounts that our local advertisers enjoy. And there are no annoying restrictions!

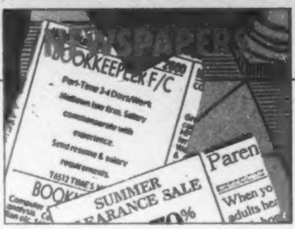
Plus, *The Dispatch* lets you dominate the $16 billion effective buying power of the Columbus MSA, delivering 73% of the MSA's nearly one million adults on Sunday and 55% daily.*

For more information and our latest rate book, call National Advertising Manager Leonard Zane at 614-461-5183. In Ohio call toll-free 800-282-0263.

The Columbus Dispatch
Morning & Sunday

SUNDAY
AD/SAT

* Source: Scarborough's 1987 Newspaper Audience Ratings Study



the New York Stock Exchange tables of 16 major market dailies. The creative position had long been promoted by the NAB.

Bob Zach, media director at Chiat/Day, says, "In general, what we tried to do with that island unit is offset some of that pricing," referring to the rate differential between national and local advertisers: in 1987: national advertisers paid 66% more, on average, than local advertisers, according to a survey of 1,000 dailies by the American Association of Advertising Agencies.

Shields' buys at Lintas are CPM-driven.

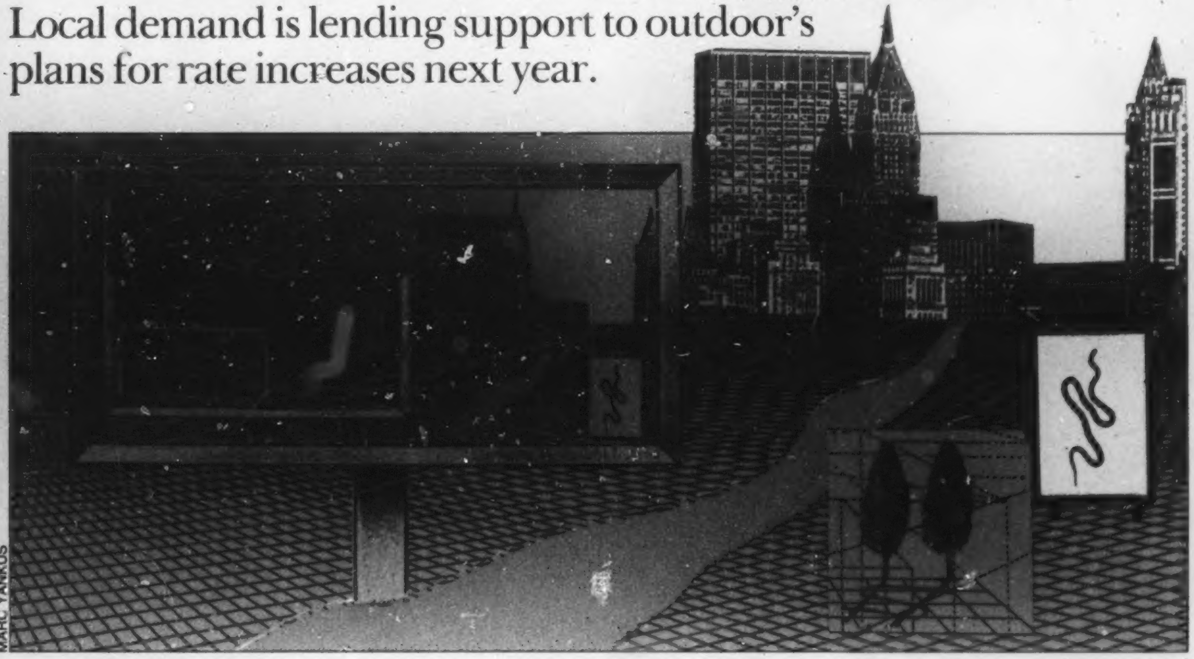
Rather than review that ongoing national-local rate debate, Shields at Lintas says he's interested in getting efficiency for his national client, based on the cost-per-thousand: "We've done a cost-per-thousand study of [more than 300] newspapers, grouped by circulation. For a paper that has a higher CPM than others in its group, we'll evaluate how important to the client [it is] and determine if it really is needed for our schedule in a market." Shields isn't issuing a threat. "We just dropped some and will drop some more, but first we're giving notice to see if they can re-evaluate their rate structures." He says 10 such notices were sent out in early July.

Breaking them down by circulation categories, Shields says, "Above 600,000, all the papers are quite economical. From 500,000 to 600,000, they don't look bad. From 300,000 to 400,000, they're still within reason. At 200,000 or below, then we start having some problems." Such bottom-line thinking will be the rule for the year ahead. ■

MEDIA COSTS
OUTDOOR

LOCAL HEROES

Local demand is lending support to outdoor's plans for rate increases next year.



MARC YANKUS

by David Kalish

Motorists in Southern California have spied the image of a huge serpent twisting its way along some of the state's busiest freeways. The snake's long neck curved Z-shaped above traffic, its writhing body forming a set of circles that seemed to complete the spelling of a word: "Zoo."

In fact, the snaking image is an imaginative painting rendered over three consecutive roadside billboards, each carefully positioned to catch the attention of motorists en route to the advertiser — the San Diego Zoo. But while reliance on outdoor boards is nothing new for them, in 1988 the zoo ads for the first time appeared as far away as Los Angeles.

This is the kind of news that is putting a smile on the face of the once-gloomy outdoor industry. This broadened buy is far from isolated: Outdoor industry observers report a resurgence of local advertising this year that is helping to bridge the yawning gap created by the continued flight of tobacco and liquor advertisers. In addition to amusement parks, regional advertisers like real-estate and insurance firms are rushing in; retailers are not far behind; and local health-care advertising, a virtually non-existent category in 1983, blossomed into a $22 million powerhouse last year. This heartening trend and other factors are shoring up depleted inventory levels and helping to justify outdoor company projections of a 5% rise in advertising rates in 1989.

The trend comes none too soon. The outdoor industry's power to hold to rate card has been diminished by slumping alcohol and tobacco dollars. In 1981, tobacco accounted for 42.9% of total outdoor dollars and liquor claimed 20.3%; today, those figures are 23.5% and 9.9%, respectively. Tobacco's performance in 1988 has picked up somewhat, with first quarter investments up 10.9% to $42.3 million, partly on the strength of Marlboro Menthol's campaign. The category, however, still has a way to go to match its past performance. Declares Janice Clements, executive vice president and director of media services at Laurence, Charles, Free & Lawson, "The only thing that will keep pricing up at the 4-5% range is if local business keeps up."

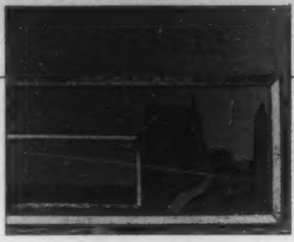
Reverberations from surging local business have already made life more difficult for impulse buyers hoping to advertise in several key markets. Most major markets nationwide are reportedly getting locked up sooner than usual.

What's more, the quality of bonus units may start to suffer as premium locations get snatched up earlier. "Our painted bulletins are practically sold out to the end of the year. You can't buy a sign on a bus in New York until 1989," brags Helene Goldfine, senior vice president of marketing at Amni America, formerly Winston Network, which has bolstered its non-transit business of late.

The local bull market has prompted a mini-boom of sorts for the outdoor industry. Following several years of flat sales, revenues rang up at $1.3 billion last year, a 4.2% improvement over 1986, according to the Institute of Outdoor Advertising. This year's revenues are expected to lurch upward another 6% to $1.4 billion, despite generally mixed returns thus far on the national front. Billboard giant Gannett reports strong first and second quarters for its local advertising.

Outdoor companies are hoping their stronger sales muscle will let them pass along to advertisers the growing cost of hanging a sign. Prices, fueled by inflation and other economic factors, are on the upswing for the wide range of products and services that go into outdoor ads: higher salaries for electricians, painters and other sign workers; bigger utility bills making it more expensive to light billboards at night; and pricier raw materials like paste and paint.

What's more, plant operators say many 5-to-10-year leases on billboard land now are up for renewal. That could significantly boost the cost of renting land, a major component that's already pricey in boomtowns like Los Angeles, Denver, San Francisco and Chicago. Ronald Waggener, head of the Eight-Sheet Outdoor Advertising



Association in Independence, Mo., estimates ground leases will cost the average renter an extra 10% this year.

Figuring the rising cost of operating outdoor boards, media directors generally agree the operators' projected 5% rate rise is not unwarranted. However, they insist it's still a buyer's market and that plant operators will surely have to step lightly to nurture relationships with new business clients. "In the markets that are competitive, the ability to negotiate brings those prices way below list. It seems that the competition is greater than ever before for the business," says John Miller, Young & Rubicam's vice president of local print and out-of-home media.

Miller's observation is hardly unique. Media directors report a conspicuous jump recently in the number of overlapping outdoor options in the same markets. They trace the phenomenon to more companies diversifying in order to protect against future downturns in the business. A recent example of diversification is Reagan National Advertising's takeover of Heritage Creative Outdoor.

While some experts say the diversification trend is leading to intensified competition among suppliers in certain markets, and thus more negotiable rate cards, others maintain just the opposite may be true. "I think there will be a regular and steady growth in prices charged and obtained in outdoor," in part due to fewer companies controlling the marketplace, says Jim Mellody, a Patrick Media spokesman.

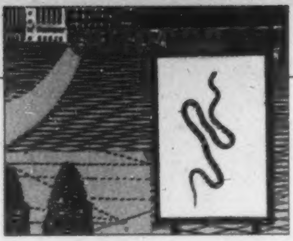
Whatever the case, outdoor operators say their broadened array of services is merely one more weapon in their quest for non-tobacco and liquor advertisers. They claim the tack, in tandem with imaginative audience-measurement systems and a stronger sales push, has already netted them an impressive variety of clients. Indeed, Amni reports that 1987 marked a company first: Tobacco for the first time was unseated from the number-one spot, supplanted, ironically, by media advertisers.

True enough, local clients say they have been swayed by the medium's strengthened power to pinpoint precise demographic targets. "If you told me you have a specific audience, I can say where they live and get outdoor in the right place," says Jay Zitz, senior vice

OUTDOOR'S TOP SPENDERS 1987 BY CATEGORY

	Share of Total Outdoor	Ad Dollars (000)
1. Cigarettes, other tobacco, accessories	23.5%	$164,955
2. Retail	9.9	69,766
3. Liquor, beer and wine	9.9	69,490
4. Automotive	8.2	57,845
5. Business, gov't and consumer services	8.0	56,201
6. Travel, hotels and resorts	7.8	54,882
7. Publishing and media	6.4	44,963
8. Entertainment and amusements	5.8	40,456
9. Insurance and real estate	5.1	36,076
10. Food and food products	2.1	14,978

Source: Leading National Advertisers (actual ad spending may be higher due to under-reporting.)

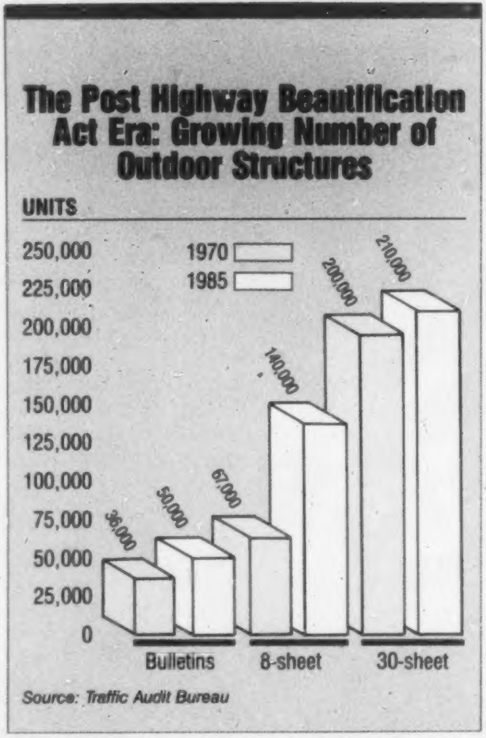


president of marketing and sales at Gannett Outdoor Group.

Indeed, Procter & Gamble executives say part of the reason they decided to try outdoor for Scope mouthwash was a new Gannett measurement system that allows them to target the outdoor audience by zip code and other data bases. "I believe the ability to target has always been there, but no one has mined it or understood it." says Austin McNamara, P&G's brand manager on Scope.

But while outdoor companies boast that packaged-goods manufacturers are hopping aboard — recent converts also include Lever Brothers' All and General Foods' Jello — agency media directors point out that these accounts comprise a miniscule slice of the outdoor industry's revenues. Says LCF&L's Clements, "I have not heard of any packaged-goods advertisers who have gotten their feet wet in a couple of markets and then gone ahead with a major-market outdoor buy."

Another gray area is the new outdoor technologies. In addition to improving visual quality of an outdoor ad, they provide more flexibility. But the cost is still prohibitive.



The Post Highway Beautification Act Era: Growing Number of Outdoor Structures

Source: Traffic Audit Bureau

New high-resolution, computer-painted vinyl boards can be more easily rolled off one board and transported to another, allowing advertisers to cover a greater demographic area using the same artwork. However, "They can be at least three times more expensive," says Pete Riordan, vice president and out-of-home media manager at BBDO in New York.

Not surprisingly, agency executives would like to see outdoor companies foot more of that bill. "One thing that so far I haven't seen is any relief to the advertiser that pays to have all that printed," says Bob Flood, out-of-home media director at D'Arcy Masius, Benton & Bowles in St. Louis, who estimates computer painting a bulletin nowadays costs around $3,000. "Normally buying a board figures in the cost of the artist. The outdoor companies should work out some sort of compensation." ■

A CONVERSATION WITH PETE RIORDAN

Pete Riordan is vice president, out-of-home media manager, at BBDO, New York.

On rate-card increases: Plants are generally going to be reluctant to raise rates any more than 5% for fear of frightening people out of the medium. In recent years some plants had gone to multiple increases during the year. Now the out-of-pocket costs have gotten sufficiently high. Even though the medium has to be efficient, it also has to be affordable.

On negotiated rates: Real rates are going to jump above 5%. The plants are getting a wider variety of new business and probably will have less inventory. I'd have to guess that negotiability is going to be reduced.

On acquisitions: There's been a little swapping around. But I don't see it being anything substantial for a long time in terms of reducing the negotiability of the medium. This normally happens in big markets where there is a lot of media. Maybe instead of four competitors, you get down to two or three. In smaller markets, this has little or no effect.

On regional marketing: This year advertisers have stopped talking about it and started doing it. It's a geographic medium.

On new computer-painted vinyl boards: If you only want three or four signs, it's a great way to go. It's not a solution for people who need long press runs. It's a lot more expensive than hand-painting.

MEDIA COSTS

YELLOW PAGES

BUSY SIGNALS

As the gold rush in yellow pages slows down, ad rates will begin to go up.

by Rebecca Fannin

The more things change, the more they stay the same. That old cliché must be getting uttered a lot by people in the yellow-page business. When the industry was first deregulated in 1984, expectations of great things were rampant. But as many publishers and their customers have found out, unshackled may also mean unprofitable.

Yellow pagers might have been wise to take a look at the airline industry and what happened to it after government regulations were lifted. The airline upstarts promised fares that were cheaper than the cost of driving. Meanwhile, the incumbents fought back with discounted rates while they promoted extras likes gourmet meals.

It didn't take long before fares and service returned to their previous level, however. Stronger conglomerates gobbled up those new competitors who had empty seats and not enough profits.

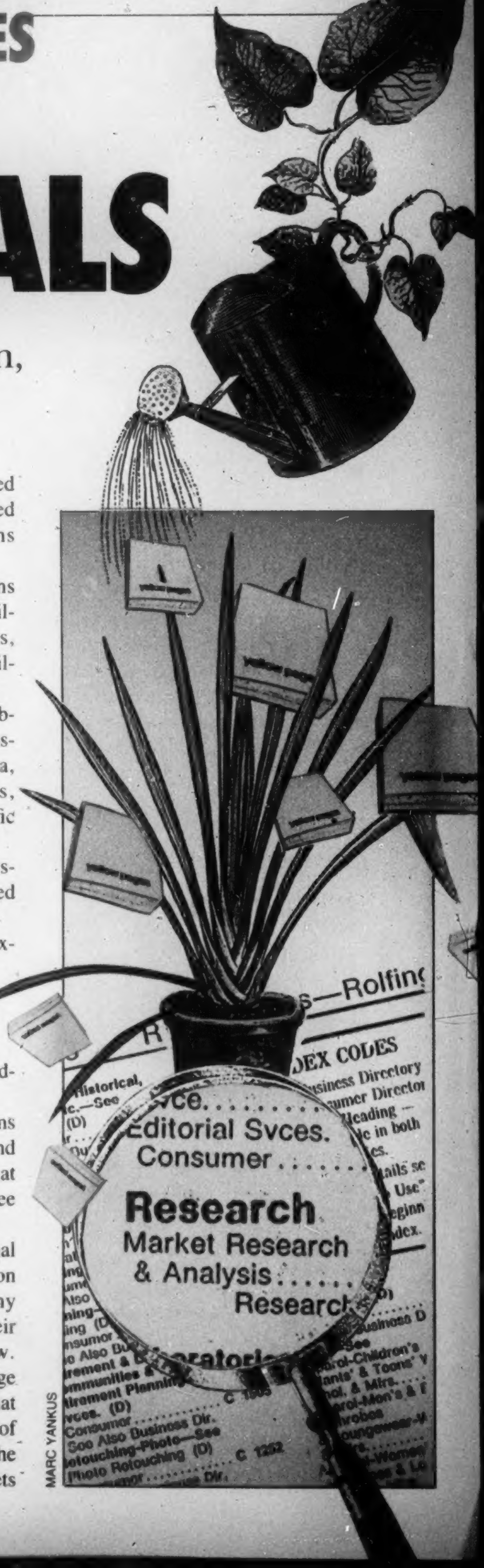
The yellow-page business is not dissimilar. This same scenario began to unfold when AT&T was split into seven regional Bell operating companies. The RBOC's kept their business in yellow-page publishing and were freed to compete not with only with independent publishers, but with each other in markets where they did not offer phone service.

Free enterprise soon had the number of directories swelling by over 400 to reach a peak of 6,481 in 1986. But by 1987, the weak were being winnowed out and the number of books declined to 6,377, with further shutdowns likely:

- Southwestern Bell Publications scrapped national expansion of the Silver Pages, a directory for older folks, after an investment well into the millions.
- BellSouth Advertising and Publishing terminated six regional industrial directories — Georgia, Alabama, Tennessee, Florida, the Carolinas, Gulf Coast, Mid-Atlantic and Pacific Northwest.
- Reuben H. Donnelley shut Houston and Dallas directories and closed 10 markets in Northern California.
- Ameritech Publishing stopped expansion of the Travel Pages.
- American Directory has delayed as many as 10 books in the Southeast region.
- Teleconnect Co. sold eight Midwestern books to US West.

"The shake-out is here," affirms Mary MacDonald, vice president and director of yellow-pages advertising at DMB&B. "You're not going to see more directories coming out."

That's a mixed blessing for national advertisers. Because of the competition from independent publishers, many utility books have tried to protect their ad base by keeping rate hikes low. Over the past three years, the average rate increases have been 5%. That compares with average rate hikes of 11% during the first four years of the decade. And in some spot markets



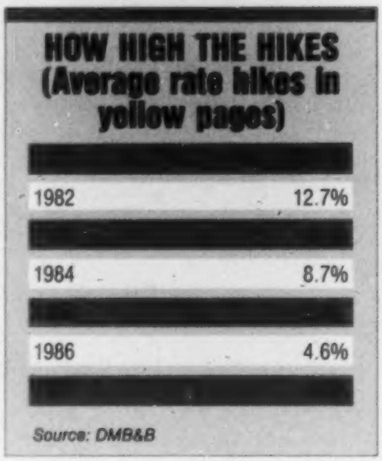
MARC YANKUS

YELLOW PAGES
yellow pages

where competition has been intense, rates haven't risen at all. Southwestern Bell hasn't raised rates a dime for the past few years in the five-state area it serves with over 1,000 directories, according to Dennis Pane, market planning and support director.

But as competition dies down in the $7.3 billion industry, national advertisers, who make up about 12% of those revenues, will find the bargains fewer. Publishers, agencies and advertisers say rates hikes will probably still average 5% next year. In some markets, rate increases will probably go even higher.

Unfortunately for advertisers, the utility book is still the dominant force by far in most major markets. Two exceptions are in Pittsburgh and Philadelphia, where Donnelley is giving Bell Atlantic books major competition. Donnelley research shows that the first editions, in 1987, were used by about half of consumers, according to Michael Colistra, assistant vice president at Donnelley, which publishes 43 proprietary directories with a majority in Pennsylvania. Nationwide, however, independent publishers only have gained a 15% share of total industry revenues, according to the American Assn. of Yellow Pages. "I haven't seen the kind of inroads I would have thought," says Jim Chadborn, marketing manager at Ryder Truck Leasing & Services division, one of the leading yellow-page advertisers.



Source: DMB&B

Many utility directories, in fact, have grown stronger since competition began. For instance, Pacific Bell Directory, which publishes 100 West Coast directories, plans to increase rates next year by as much as 7%, according to John Gaulding, president and CEO. "Why should I discount rates when our usage figures are up dramatically," he asks. Five major publishers, including Donnelley and GTE, had caused its usage to slip. But the figures shot up after Gaulding introduced a community information section in July of '87, and spent $1 million to advertise the Smart Yellow Pages.

In New York City as well, Nynex Information Resources has put up a strong defense against interloper Southwestern Bell. In fact, the rumor among consultants, agency buyers and advertisers is that the Southwestern Book is losing tons of money and may be forced to fold. Southwestern denies this, noting that pages in Manhattan's second edition are up by 50%.

Undaunted, Nynex says ad-rate increases for the utility books should be "less than 10%," according to Dennis Morgan, national sales manager for

A CONVERSATION WITH STEVE TROY

Steve Troy is the newly appointed president of Ketchum Yellow Pages.

On rates: Increases in the past couple of years have been very low, in the 4% to 5% range, because of the intense competition. As some of the independent publishers are acquired by larger companies and the utilities begin to retrench, we are expecting that rates may be slightly higher than recent years. But they won't be as high as the 8% to 10% we were seeing before deregulation.

On the shake-out: One reason that some new competitors in the yellow pages haven't done well is that the national advertiser is still reluctant to go into an additional book in a market. It's usually an either/or proposition.

But we think that there will still be a need for neighborhood directories because there is a need for businesses like pharmacies and pizza parlors to advertise.

On budgets: The last reason that clients should be increasing their spending is because of proliferation of books. What we have found is that advertisers have grown more sophisticated about targeting their directory advertising.

On the need for research: We need to be able to rank directories to increase advertiser efficiency and ultimately lower costs. With the extra competition, this has become more important. For instance, there are 61 directories in the Los Angeles market. Some advertisers have come to believe that if they buy six or seven directories and reach 75% of the market, they have done a good job.

YELLOW PAGES
yellow pages

Nynex. Although that hike exceeds the average, one encouraging note for advertisers is that Nynex has stopped billing national advertisers 4% more for the same space as local advertisers — the first time this differential had existed in the medium. "That backfired on them," says Lee Matthews, president of Bernard Hodes Yellow Page Services, an Omnicom subsidiary. "From the terrific uproar we put up with Nynex, others wouldn't dare start charging us a higher rate. We were able to show that national business is actually cheaper to handle," he adds.

While national advertisers and agencies are pleased that competition held rate increases low in recent years, they still remain quite annoyed that rate increases have been higher than the inflation rate of 4.3%. The utility books are taking much of this flak. "It's like a monopoly situation because you find that you still have to be in the utility book," says Peter Berlo, advertising manager for Saab-Scania of North America. "It's almost frightening," he adds, "because you are almost forced to pay those rates."

Publishers argue, however, that they haven't passed along the multimillion price-tags for promotion of directories since competition. Instead, profit margins of about 20% for publishers have eroded, points out Donna Yeagers, a telecommunication consultant with Paine Webber.

Also, publishers have been hit with a 7% rise this year in groundwood paper stock. Next year, another 7% rise is expected, according to Robert Seyler, vice president of publishing at Southwestern Bell. Paper rates have been stable, however, he notes, since 1984. In addition, distribution costs have soared past a quarter per book compared to 15¢ or 20¢ five years ago, says Martin Healey, controller with Product Development Corp., which distributes half the Bell directories.

Those cost factors aside, some national advertisers still complain budgets are excessive because competition has compelled them to list in the utility book as well as secondary and tertiary directories. "Because of the proliferation, you aren't sure which books to be in and you end up spending three times as much," says Paul Clark, a marketing manager with Energy Control Products (a division of 3M). National advertisers increased spending in the medium by 9.4% to $830 million in 1987. (See chart below.)

Yellow-page agencies, however, say they are only cautiously recommending secondary book listings. For instance, Matthews at Bernard Hodes says it won't be until next year before he even begins to consider whether to place an advertiser in the Southwestern Manhattan edition. "It all depends upon what kind of penetration the book has," says Matthews. "It's usually an either/or proposition," agrees Steve Troy, president of Ketchum Yellow Pages. In a recent study, Ketchum reaffirmed that the traditional yellow-page directory was still most often used by consumers.

YELLOW PAGES' GOLDEN GROWTH

Year	National Ad Revenues (millions)	Number of Directories
1987	$830	6,377
1986	759	6,481
1985	694.5	6,339
1984	580	6,060
1983	488.7	6,005
1982	432.7	6,155
1981	379.9	6,124
1980	330.4	5,924
1979	281.8	5,675
1978	241.1	5,520
1977	208.3	5,258

Source: Yellow Page Publishers Assn.

Source: Nynex Information Resources

More help will soon be on the way as the medium gets its first syndicated research. Obviously, the research will not only pinpoint individual book strengths and weaknesses, but it also will allow strong books to charge more and vice versa.

Among the parties that have jumped into this business are National Yellow Pages Monitor (NYPM), a unit of the AGB Research Group; Directory Data, a division of Survey Sampling; and Advertising Research Corp (ARC). Pacific Bell, however, is the only utility book to contract with a service (NYPM's), and ARC has the only contract with an independent, InfoPlus, Inc. "Hardly any publishers have signed up yet, and that's where the money is," notes DMB&B's Morgan.

If there is any other issue in the business, it is standardization of ad sizes. The Yellow Page Publishers Assn. has been working on recommendations for two years while publishers wait to implement some form of unity. Once standardization does occur, production costs should decrease for national advertisers.

On the horizon, national advertisers do have some new options. As many as 120 talking yellow pages have sprung up from independents. These services allow consumers to dial up information and ads from prerecorded messages and, in some cases, live operators. Preliminary research from Advertisers Research, which measured six markets, shows that one in eight consumers use the talking yellow pages. The utilities remain restricted from entering this business except as gateway providers.

The Bells are also figuring out legal ways to get into videotex, a major contender for national yellow-page ad dollars. US West recently jumped into the business by signing an agreement to jointly develop videotex in a test city with France Telecom, the outfit that successfully introduced videotex in France. US West will act as transporter of the videotex data. ■

[redacted]

DIRE[redacted]TING

IN SEARCH OF SAFE GROUND

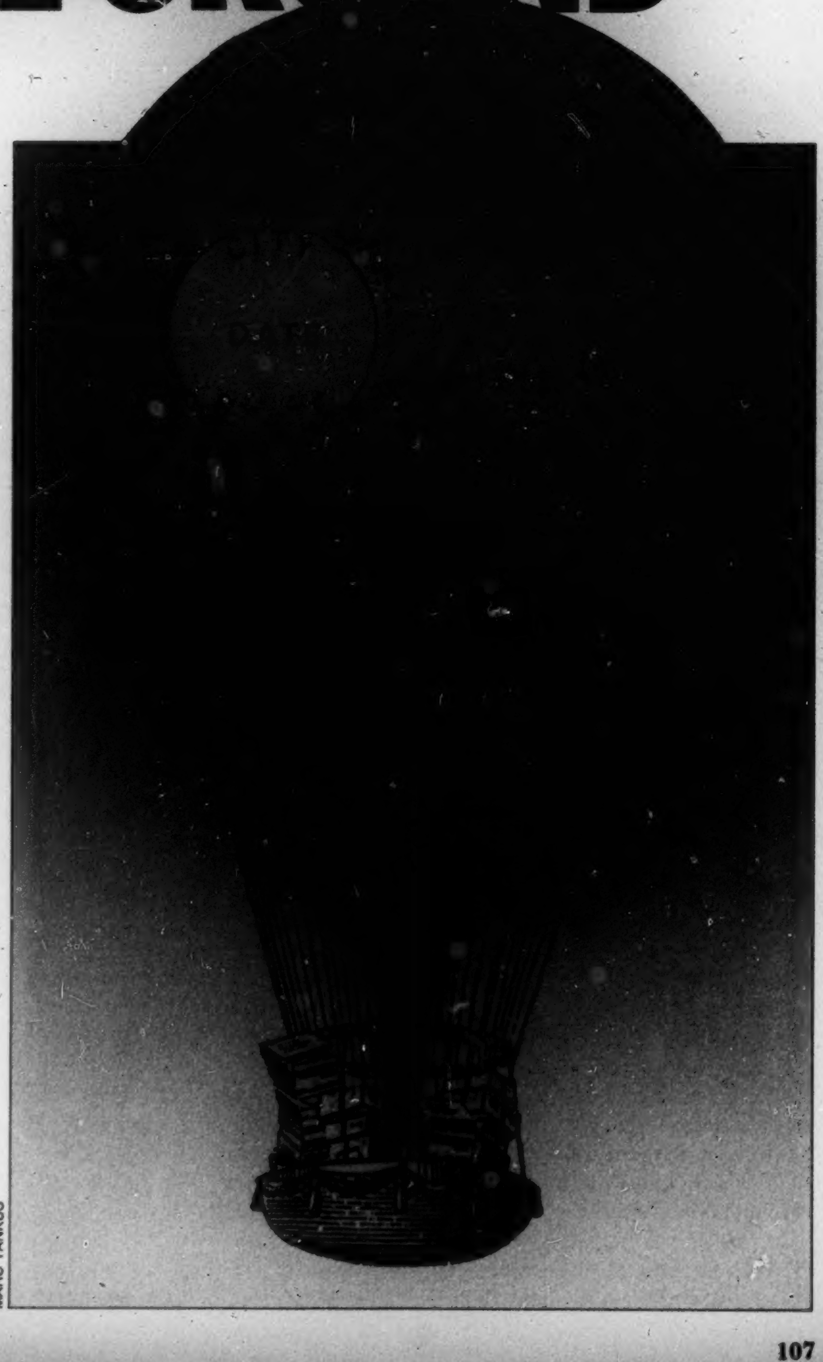
by Rebecca Fannin

Jack Miller, president of the Quill Corp., never knew that he could deliver his office-furniture catalogs by private delivery — at least, not until postal rates rose 25% in April. Then necessity took over. At a meeting of the Direct Marketing Assn., Miller found out a most surprising fact: He didn't have to use the postal service at all. He could privately deliver any catalog over 24 pages and bypass the private express statute that prohibits any direct competition with the persevering mail carrier.

Miller has wasted little time using his newfound knowledge. This summer, the Quill Corp. becomes among the first to test if private deliverers can mail just as well as — if not better than — government employees.

Others are quickly lining up to give it a try as they face the number-one cost issue for direct marketers this year and next. Phillip Miller, president of United Delivery Services (UDS), a major private carrier based in Grand Rapids, Mich., which is handling the Quill project, says he is finalizing contracts for several other clients.

For its test, Quill is using UDS to deliver 10,000 catalogs each in Warren, Mich., and Milwaukee. "Even though it will cost us more to run this test, we want to find out



MARC YANKUS

if this is workable," says Jim Bernstein, Quill's customer-acquisition supervisor. "We want guarantees that our catalogs will be delivered."

An unworried Miller at UDS points out that for years his company has been delivering "most of the second-class magazines in the nation." UDS, however, hadn't been in the catalog delivery business (except for ride-alongs with magazines) until this past spring. But judging from the "10 serious calls each week" Miller receives, he's projecting current revenues of $2 million in catalog delivery to double by the end of the year. He's also looking towards expanded distribution beyond the upper Midwest region.

For catalogs, which make up half the revenues in the $18 billion direct-marketing industry, the attraction is obvious. Postage absorbs as much as one third of mailer's costs, and the recent hike means that direct marketers will be paying the post office an average of 8% more. And private delivery can save money, especially for heavier items. Unlike the post office, which charges by weight, Miller bases rates on the number of mail pieces. He calculates that his service can deliver a 24-page catalog weighing approximately 3.6 ounces at about the same cost as the post office. But heavier items, he estimates, can be distributed at savings of 10% to 25% and more. Quill is delivering catalogs of 64 and 68 pages.

Direct mailers of brochures, letters and postcards wish they were as fortunate as Quill. With no way around the post-office imbroglio, their only option is to mail smarter. Indeed, the new credo of the direct-marketing industry is to refine and segment lists so acutely that wasted pitches are kept to a bare minimum. As a result, improved response rates should result in stable costs per order despite the postal hike, explains Pierre Passavant, senior vice president of Wunderman Worldwide. He notes, however, that segmented lists cost more — about $5 more per 1,000 names.

Co-op mailings, in which a group of offers is packaged in one giant envelope, such as the Carol Wright program, are a second option for reducing postage costs. But Donnelley Marketing, which produces Carol Wright, isn't guaranteeing that it won't raise rates. "We may have to raise rates in some instances because of the postal increase, but what we are trying to do is make ourselves more efficient," says Bill Ayelsworth, regional sales manager at Donnelley. "The per-unit piece is likely to go up, but if we offer more segmentation, then the volume required to generate *x* number of customers will become lower," he points out.

Still, co-op mailings aren't for everyone. "It's difficult to reach your own customer data base through co-op programs," points out Peter Michaelson, manager of direct marketing and advertising at the Polaroid Corp. "Co-op mailings aren't as personalized either," he adds.

A third alternative — delivery with magazines or newspapers — also hasn't received any standing ovations. For example, the Lillian Vernon Corp. was very disappointed with the results of delivering its catalog with the *New York Times*. (See "Postal Blues," June 1988, pg. 99).

But mailers may be forced to devise more feasible options because, guess what? Postal costs may be rising again as early as next year. The Direct Marketing Assn is lobbying new Postmaster General Anthony Frank, to stall any further hikes. It also let it be known it was unhappy with consultant H. Ross Perot's postal contract. The peripatetic Perot, whose contract was suspended in July by the government after congressional criticism, was charged with finding ways to reduce costs and was to collect one tenth of those savings. "To pay a consultant on the basis of savings was ridiculous," says Dick Barton, senior vice president of government affairs for the association.

The DMA also didn't take well the

TOP 10 MAIL-ORDER COMPANIES BY SALES VOLUME

	Sales (000)
[illegible]	[illegible]
Reader's Digest	$1,350,000
[illegible]	[illegible]
Spiegel	$ 847,000
[illegible]	[illegible]
Colonial Penn	$ 750,000
[illegible]	[illegible]
Fingerhut Corp.	$ 699,000
[illegible]	[illegible]
Sentry Insurance	$ 554,250

Source: Maxwell Sroge Publishing
Year: 1986, latest statistics available

post office's recent rejection for offering to pay the government service three fourths of a cent for every privately delivered piece mailed. Meanwhile, the DMA and the Third Class Mailers Assn. are seeking to get better service from the U.S. Post Office. The associations point out that a large percentage of what others call "junk mail" often goes undelivered.

Toughening up, the direct-marketing industry is also ready to play its trump card. If postal costs aren't stabilized, the industry threatens to rebel by slashing volume and turning elsewhere. But for 1988, direct mailers are expected to give the post office a 10% climb in business, according to Robert Coen, McCann-Erickson's senior vice president of forecasting.

So far, alternative delivery has met with limited success. But with the threat of a second postage hike, tests undoubtedly will continue.

If another postal hike does occur next year (and it could be in the region of 15%), look for alternative media to pick up the direct mail drop-outs. "We're advising our clients to try to absorb the postal hike but to look at other media to acquire customers," notes Jim Kobs, vice chairman of Kobs & Draft. As an example, he points to DHL Worldwide Express, which is beginning a television campaign this fall.

Newcomers to direct marketing may also become turned off. For instance, General Foods Corp., which has been testing direct-mail coupons for Kool-Aid and Crystal Light, may find that "the payback ratio isn't there once we factor in these postal increases," admits John Kuendig, director of direct marketing.

Direct-response television may pick up some of the fall-outs. For instance, Bantam Books has signed on as a direct-response advocate since the postal hike and several other advertisers have inquired about the possibility, according to Richard Sangerman, senior vice president of A. Eicoff & Co., a specialist in direct-response tv. In addition, Polaroid recently completed a three-market test campaign using 60-second commercials that offered film buyers the chance to use a Spectra camera free of charge for a week. "It was a very low cost-per-lead, and we believe if we can convert one third of those tries, it will be a very profitable campaign," says Michaelson.

Further good news is that unlike mail, television costs for direct marketers are only marginally higher. McCaffrey & McCall chairman Bob Cherin predicts next year will bring a greater supply of distressed and off-hours programing time (which direct marketers typically buy at discounted rates) than will be available during the Olympics and elections of 1988.

Moreover, telemarketing rate costs are also forecast to be relatively stable. Increased competition since the break-up of AT&T is the cause, according to Wunderman's Passavant. While cost-per-thousand for telemarketing far exceeds those for direct mail — $400 CPMs compared to $10 — agencies are

Calculating Catalogs
Sample Working Budget For 1988

CREATIVE		
1. Prelim. roughs & dummies @ $46/page	$ 4,968	
2. Copy w/revises @ $142/page	15,336	
3. Tight comp. layouts @ $120/page	12,960	
Subtotal =	33,264	(3.4%)
4. Contingency reserve @ 15%	4,990	
TOTAL =	$ 38,254	(3.7%)
ART & PREPARATION		
1. Mechanical art/prep @ $68/page	$ 7,344	
2. Typography w/AAs @ $79/page	8,532	
3. Repros, position prints, etc. @ $30/page	3,240	
4. Line spots & decorations @ $12/page	1,296	
5. Photography (4 pix/page) @ $238/page	25,704	
6. Model fees (30 shots total) @ $22/page	2,376	
7. Color separations (4/page) @ $253/page	27,324	
8. Cromalin proofs @ $80/page	8,640	
9. Stripped-in print films @ $26/page	2,808	
Subtotal =	87,264	(8.9%)
10. Contingency reserve @ 7.5%	6,545	
TOTAL =	$ 93,809	(9.0%)
PRINTING & BINDING		
1. 250M catalogs (first quarter) @ $248/M	$ 62,000	
2. Black plate changes (2) for price test @ $800/net	1,600	
3. 500M catalogs (third quarter) @ $227/M	113,500	
4. 1MM catalogs (fourth quarter) @ $221/M	221,000	
5. Orderform key changes (117) @ $48 net	5,616	
Subtotal =	403,716	(41.1%)
6. Contingency reserve @ 2.5%	10,093	
TOTAL =	$413,809	(39.6%)
MAILING LISTS		
1. Ctlg buyers w/selects, 1.536MM gross @ $82	$125,952	
2. Subs, active & exp. w/selects, 525M gross @ $51	26,775	
3. Compld. files w/selects, 210M gross @ $48	10,080	
4. Allowance for duplications @ avg. 12.5%	(20,351)	
Subtotal =	142,456	(14.5%)
5. Contingency reserve @ 5%	7,123	
TOTAL =	$ 149,579	(14.3%)
COMPUTER PROCESSING		
1. Reformatting, data conv., etc. @ .54M	$ 1,226	
2. Merge/purge dupe elim. @ $7.15/M	16,238	
3. Code and run chesh labels @ $3.93/M	6,878	
4. Misc. reports and analyses, net cost	1,500	
Subtotal =	25,842	(2.6%)
5. Contingency reserve @ 10%	2,584	
TOTAL =	$ 28,426	(2.7%)
LETTERSHOP PRODUCTION		
1. 250M catalogs (first quarter) @ $17.15/M	$ 4,288	
2. 500M catalogs (third quarter) @ $15.75/M	7,875	
3. 1MM catalogs (fourth quarter) @ $14.55/M	14,550	
Subtotal =	26,713	(2.7%)
4. Contingency reserve @ 7.5%	2,003	
TOTAL =	$ 28,716	(2.8%)
POSTAGE		
1. First class, 3 lots of 10M @ $710/M	$ 21,300	
2. Bulk rate, 1.72MM @ avg. $105M	180,600	
Subtotal =	201,900	(20.6%)
3. Contingency reserve @ 10%	20,190	
TOTAL =	$222,090	(21.3%)
ALLOCATED FEES		
1. Consultant(s), development – 100 hrs. @ $125	$ 12,500	
2. Consultant(s), oversight & review – 180 hrs @ $88	15,840	
3. Consultant(s), fulfillment & systems – 290 hrs. @ $75	21,750	
4. Est. travel, phone, express chgs., other expenses	10,000	
Subtotal =	60,090	(6.1%)
5. Contingency reserve @ 15%	9,014	
TOTAL =	$ 69,104	(6.6%)
GRAND TOTAL =	$1,043,787	(100%)
GRAND TOTAL (less contingency reserves) =	$ 981,245	(100%)
CPM (with contingency) =	$ 596.45	
CPM (without contingency) =	$ 580.71	

Source: Shell Alpert, direct marketing consultant

advising clients to re-examine its potential. The key reason is that direct marketers can use the same data base for calling as for mailing. "It only costs about $20 more per 1,000 names to add phone numbers to the list of names and addresses," Passavant tells.

Next year, budgeters will have to raise their figures another 1.3% overall to take into account extra charges for paper. That's based on the general assumption that paper typically absorbs approximately 15% of direct mailer's cost and that paper costs for direct marketers are going up by at least 8%. Paper costs also rose this year (1988) but had been flat for the preceding three years.

The Quill Corp., for one, recently cut paper costs for its large 380-page catalog by replacing 36 lb. to 40 lb. paper with 32 lb. stock. Monthly mailings are also weighing in lighter as 40 lb. stock becomes 32 lb. "We are geting a savings of about $15,000 a month on the flyers now," says Don Hoff, advertising manager.

List rental may also be slightly steeper next year. One reason is that mailers will be paying those extra charges for more finely targeted lists of prospects. While better response rates may help absorb that extra cost, however, increased demand could lead list managers to take advantage of the situation and raise rates. List managers deny this, however. "We plan to keep our rates pretty stable because of the increased pressure from postage and paper costs," says Ralph Stevens, president of Woodruff-Stevens & Associates. Over the past five years, list rental costs have been just that, rising from about $65 (per 1,000 names) to $80 today.

There are some bargains still to be had in the business. Competition in the printing industry has forced better rates, according to Shell Alpert, a direct-marketing cost consultant in Lebanon, Penn., who notes that printing can account for 30% of spending. In particular, he says, reduced rates of 10% can be had for in-line finishing, a highly technical operation used by large printers for marrying letters and envelopes at the end of the press line.

Lettershop production offers another good price/value relationship, Alpert notes. Lettershops, which insert, label and sort, as well as affix stamps and put in samples, have modernized and become much more efficient, he adds. "They used to be the kind of places where you would see stacks and stacks of mail in dark, dingy corners," tells Alpert. The sad news is that since lettershops only account for about 5% of mailers' costs, it's not going to a budget saver.

Crushed with so many other significant cost hikes, however, the direct marketing-industry faces a year of enormous pressure. If viable alternatives aren't found, the entire industry could shrink as consumers rebel at being asked to pay the difference. ■

A CONVERSATION WITH BOB CHERINS

Bob Cherins is the chairman of McCaffrey & McCall.

On costs: It depends a lot upon the mix of media, but on average, it should cost direct marketers close to 10% more next year. If the marketer is a heavy direct-mail user, that percentage, of course, will be higher.

On direct-response tv: That's an interesting subject because next year will bring a greater supply of distressed and off-hours programing time, which direct marketers typically buy at discounted rates, than was available during the Olympics and elections of 1988. We see only marginal increases for this medium.

On telemarketing: We don't expect there will be any discernible difference in costs next year.

On the postal-rate increase: There have been postal-rate increases for as long as I have been in the business. And each time, everyone says, 'Oh my God. We're going to go out of business.' But mailers always find ways of planning better, being smarter and looking at all sorts of ways to reduce costs. Sometimes, it means passing along costs to consumers.

On alternative methods of delivery: If there was an alternate form of delivery that I had faith in, I would test it. I think any viable options are years away.

On budgets: There is a sense in the industry of an overall slowdown. But we are not seeing any dramatic cutbacks in either list rental or paper. There is more demand for greater selectivity in names, and those targeted lists cost marginally more.

BRAND REPORT

No. 154: Scotch and Blended Whiskeys

HOW DRY THEY ARE

by Paula Schnorbus

There's only one way to describe sales of Scotch whisky and blended whiskey: scotched. *Jobson's Liquor Handbook 1988* reports that cases of scotch consumed last year trickled down to 14.4 million, compared with a high of 22.5 million in 1979.

Blended-whiskey sales also have been drying with the years. Last year, cases consumed were watered down to 9.3 million cases from 22.3 million in 1973.

These findings are no real surprise: Alcohol sales, especially those of brown goods, have been pretty weak for the past several years. "We're going to have to wait for the neo-pro-

SCOTCH & BLENDED WHISKEY 1987 MEDIA EXPENDITURES (000)

Scotches	Media Total	Magazines	Newspapers*	Sunday Magazines	Outdoor
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blended Whiskeys					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	–	–	[illegible]
[illegible]	[illegible]	–	–	–	[illegible]

Note: Fleischmann's Preferred and Imperial blended whiskeys have no listings in our sources.
*Sources: Leading National Advertisers; *Media Records. Liquor is not advertised on broadcast.*

MIKE QUON DESIGN

hibition attitude to wane," quips John Norton, president of Hartland Communications, a Cleveland-based market-research consulting firm. "The last time alcohol consumption was down was in the 1930s, and that was because of economics . . . Now it's down for health reasons."

But if people are drinking less, says Perry Luntz, publisher of *Beverage Alcohol Report*, a weekly executive newsletter, they want to drink better. "It's not five pops of cheap whiskey but one pop of a good whiskey at $5 or more," he says. "They want something to sip and enjoy the hell out of."

The only scotch that has been gaining any ground is single-malt scotch, although it accounts for less than 5% of sales in the U.S. Those selling the brands are getting more aggressive as well: Thanks to companies' freeing up more advertising and sales promotion dollars, some bars are now offering tasting parties for the single malts.

Speaking of increased marketing expenditures, the scotch blends have begun to really pour on the ad and promotional dollars. Guinness PLC-owned Dewar's White Label and Johnnie Walker own up to at least $25 million annual budgets. Cutty Sark, J&B and Chivas Regal are claiming budgets of close to $10 million to $15 million. Keep in mind that spirits advertise mostly in print and outdoor, except for Chivas Regal, for example, which runs 30-second commercials on airplanes and cruise ships. Also, most of the big brands have begun delving into direct mail and starting "clubs" to generate interest. These clubs sell goods like clothing, home-electronics equipment and sporting goods at a discount.

Most of the scotches and blends are not surprisingly after upscale baby boomers who want to convey a certain image. "We're not talking wine coolers here," says Hartland's Norton. "It's a whole lifestyle, mindset thing," says Norton. "Beer is blue collar, and you wouldn't order a glass of white wine from a bar; scotch is the only way to go," he reasons.

Norton may be partly right. Mediamark Research Inc.'s spring 1987 report says scotch drinkers' incomes are high, but so are their ages; they're more than a wee bit beyond yuppie-dom. MRI's key demographics of heavy scotch drinkers were male college graduates, age 55 to 64, who were professionals living in the Northeast and making $50,000 a year or more in annual household income (See Brand Report Index, page 131).

White Label

Dewar's has been running two campaigns for almost two decades.

Meanwhile, blended whiskey shows itself to be as different in demographics from Scotch whisky as it is in spelling. The only similarity is that most heavy blended-whiskey drinkers are also men living in the Northeast. However, the age group drops down to 18-to-24. They live in households with annual incomes of $40,000 to $49,999, and they are high-school graduates who are, for the most part, single. Jerry Ohlsten, director of product development at MRI, points out the age group is "probably the most experimental in the liquor business. Their drinking habits haven't been firmly established." Ohlsten adds that the 18-to-24 age group accounts only for 16% of all men and that 55-to-64-year-olds make up a mere 13% of men.

Consumption habits are also different between blended whiskey and scotch. Blended whiskeys are of the shot-and-a-beer ilk. They also don't do much advertising, except for the category leader, Seagram's 7 Crown, which buys space in national magazines and also is known for its famous mixture with 7Up to make the 7&7. Rebates and couponing are more the norm for this liquor sector. Regarding blended whiskeys, Luntz notes that "when case sales decline, advertising budgets decline. It's a stupid way to approach it." Luntz also complains that the liquor industry doesn't go after newly legal drinkers as well as they could through ads.

But Stephen Eskoff, senior vice president and national sales manager for Hiram Walker's Imperial blended whiskey, doesn't think advertising will change the drinking habits of young consumers because they run the gamut of the spirits experience, making brand allegiance a difficult goal for any marketer to attain.

DEWAR'S PROFILE

Instead, blended whiskeys are big on rebates, a quick way to move cases and grab market share and lose profits all at the same time, many in the industry feel. Scotch marketers also had delved into couponing but have stopped because they felt their images were being hurt — not to mention their pocketbooks.

However, Marty Atlas, vice president of marketing and sales at publisher Beverage Media Ltd., warns that if you stop refunding or couponing "and others don't, you'll lose floor space and shelf space. Once you do, it's hard to get back in."

Still, all is not lost. A survey of bartenders conducted earlier this year by *Beverage Media* found that scotch and soda was the seventh most-asked-for drink while the 7&7 came in eighth.

Following are the top scotches and blended whiskeys ranked by estimated sales of cases, according to *Business Week* magazine, as derived from Clark

Gavin Associates Inc. Also used as a reference is *Jobson's Liquor Handbook 1988*, which is based upon figures from Steve L. Barsby & Associates Inc. The biggest scotches in 1987 were Dewar's White Label which sold an estimated 1,900,000 cases; J&B, 1,275,000 cases; Johnnie Walker Red, 950,000 cases; Chivas Regal and Cutty Sark, both 750,000 cases.

The top blended whiskeys in 1987 were Seagram's 7 Crown, 3,900,000; Kessler, 1,100,000; and Calvert Extra, 650,000 (all three of which are Seagram products); Fleischmann's Preferred, 482,000; and Imperial, 420,000.

SCOTCH

Dewar's

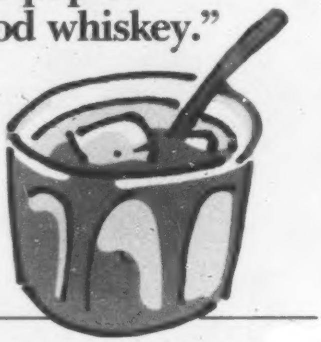
Dewar's White Label has been using the same *two* campaigns for two decades. The Scotch whisky, which started flowing in 1846, has had its "profile" campaign for almost 20 years, just after agency Leo Burnett took on Dewar's advertising in 1968. It is designed to reach people who are younger, 25-to-35 years old, and who are professionally oriented. The ads have profiled 85 up-and-comers, ranging from ballerinas to safari organizers. Says Jean Ercolani, assistant marketing manager, "We don't want people who have already made it. We want those who are striving and doing great things. [The profile] is somebody the audience can relate to." The "legends" campaign, which promotes the history of Scotland and is a sort of a maintenance campaign for older scotch drinkers, was introduced in 1972. "We think we are most identified with Scotland," says Henry Yaris, Dewar's business manager, U.S.A.

Dewar's entire target audience is 25-to-54, but it could also go down to 21, says Yaris. Asked about demographics, he says the target "does make more money. They are college-educated and have greater home ownership."

The ads appear in business publications, newsweeklies and also cultural magazines such as *Playbill* and *Opera News*. Outdoor advertising appears throughout the country, but newspaper advertising is done less frequently. When newspapers are used, Yaris says, it's because magazines are low in circulation and specific needs might be fulfilled by a larger-circulating newspaper. But he notes that magazines allow Dewar's to focus on a more specific demographic than a broadscale newspaper.

Couponing or rebates per bottle at liquor stores stopped a year ago. "It ran its course and was satisfactory," says Yaris. "It achieved the objective of reaching new people, new consumers of other products. We doubt we'll ever use it again."

"It's no longer five pops of cheap whiskey. It's one pop of good whiskey."



Direct marketing started earlier this year to promote and generate members of the Dewar's Highlander Clan. The mailing list was generated from a rebate and sweepstakes program that ran more than two years ago, but the clan has now been opened to others through coupons in liquor stores. The catalog of merchandise available to members includes lots of tartan-related goods and Edinburgh crystal. There are also sweepstakes with trips to Scotland. "Everything we do from an objective and strategy point is Scotland," says Yaris of the strategy.

And speaking of tartan, Dewar's is sponsoring an exhibit on the history of tartans in October at the Fashion Institute of Technology in New York.

All told, the advertising and promotion budget for Dewar's is more than \$25 million, says Yaris, adding that "the budget gets a little larger each year."

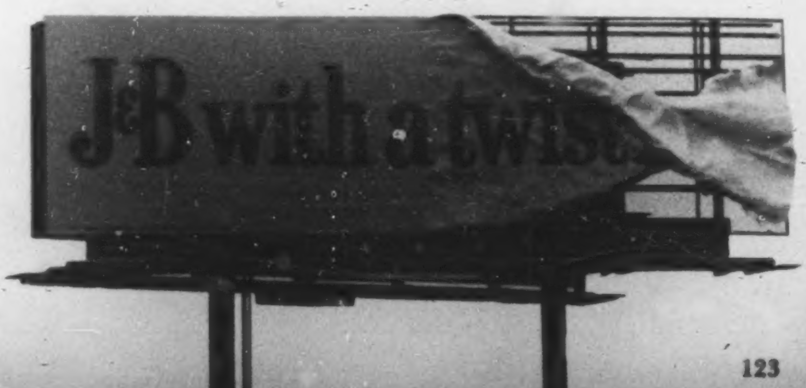
J&B

Here's a brand that is truly going after an expanded target audience. Like its competitors, J&B advertises in the "normal" books such as *Sports Illustrated*, *Playboy*, *Rolling Stone* and the newsweeklies. However, it also runs several-page ad inserts in *Spy*, which pokes an irreverent finger at New York culture and society.

Says Bruce Nathanson, management supervisor of the account at Grace & Rothschild, "We've got to target younger drinkers. We're not naïve. We realize scotch isn't the whiskey or spirit of choice."

Otherwise, the one-page ads have featured puns for the past year, such as "J&B on the rocks" with J&B inscribed on all of the rocks on a pile. Puns also found their way into outdoor advertising. A billboard of "J&B with a Twist," is literally twisted at one end. Billboards are in Los Angeles, San Francisco, Houston, Chicago, Dallas and the Miami-Fort Lauderdale area. New creative is in the works for next year.

These efforts are aimed at a new generation of scotch drinkers, meaning the 21- to 35-year-old, white-collar professional types. Previously, the ads were more heritage oriented. Now, J&B is trying to be the stylish, contemporary brand for the sophisticated consumer.



J&B literally twists its billboards for effect.

In addition to *Spy*, other local publications used are *Interview*, *Details*, *L.A. Style*, *Los Angeles*, *Chicago Playbill* and *North Shore*. Their ad positioning is on the inside covers and back covers, a way to stand out from the crowd.

J&B also does sponsorships such as hot air balloon races and equestrian events. Rebating was tried out for three months around Christmas, according to David Margolis, brand manager. "We don't want the business of people who use coupons because those people are only buying for price," he says. "They won't be in it for the long term."

Margolis says the ad budget made a "big jump" at the end of last year for the new campaign. It is continuing at the level of $12 million to $15 million, beginning in October.

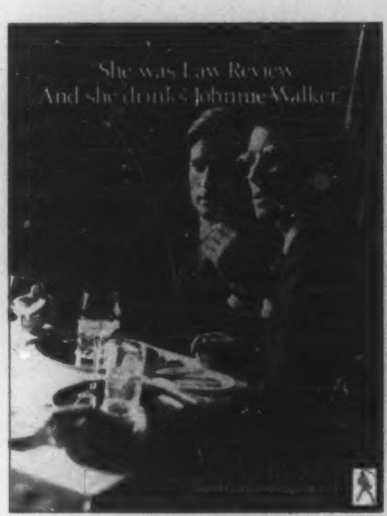
Johnnie Walker Red

On the other end of the spectrum, Johnnie Walker is emphasizing the 35-to-49 age group of its larger target audience that includes those of legal drinking age to 49 years old. "When the scotch category was bigger," says Hersey Egginton, senior brand marketing manager, "there was a bigger effort to reach the younger person."

Johnnie Walker's current ads don't feature the Red label at all, just Johnnie Walker in general or, in another campaign, the Black label.

The general Johnnie Walker ads are geared to the yuppie in-crowd. One of the ads has already made a niche for itself as blatantly sexist by some people's standards. That ad shows the barely covered rear ends of two swimsuited women running on the beach with the tagline, "He loves my mind. And he drinks Johnnie Walker." But there is also an ad with two awestruck (and fully clothed) men staring at an unseen woman. One navy-suited man tells the other, "She was Law Review. And she drinks Johnnie Walker."

Egginton says the demographic for Johnnie Walker is "very upscale, college-educated" types who make $35,000 and more a year. The ratio is 60-40, men to women, who live in "A" counties. The brand does most of its business in major metropolitan markets.


She was Law Review.
And she drinks Johnnie Walker

Women are the focal point of new Johnnie Walker ads.

The magazine ads appear in diverse publications such as *Black Enterprise*, *Omni*, *Southern Living*, *Spin*, *Army Times*, *Rave*, *The Atlantic* and newsweeklies. Local publications include *Connecticut* and *New York Woman*. Newspaper ads aren't done currently,

"Don't fire till you see the whites of their eyes"

When one wrong decision could cost you your life, you learn to ask questions. It is a lesson of war. That's why veterans tend to be tough consumers. Offer them something "free" and they will suspect you. Give them honest value and they will respect you. Prove you are worthy of their trust and they will become loyal customers.

Listen to our readers: "...I trust The American Legion Magazine and have no qualms in purchasing anything they advertise."

If you want to sell to veterans, target veterans.

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THE AMERICAN LEGION MAGAZINE

Veterans Mean Business

Regional Edition Now Available

SMM Jan. 1988

but the possibility is being discussed. Outdoor is used in metro markets. Smith/Greenland is the agency.

The Johnnie Walker Hole-in-One clearinghouse has been operating in this country for four years. About 40,000 members are registered through golf clubs yearly, and they are eligible to win a trip to the British Open. There are also tournaments and a "Hole-in-One Week." This year, Johnnie Walker held its first amateur comedy search, which will be repeated again next year.

Egginton says Johnnie Walker has been moving away from refunding and actually stopped the practice last Jan. 1, although the brand had been involved in rebates for a number of years. "We felt strongly that it wasn't an appropriate way to market a premium product in an 'upscale' market," explains Egginton.

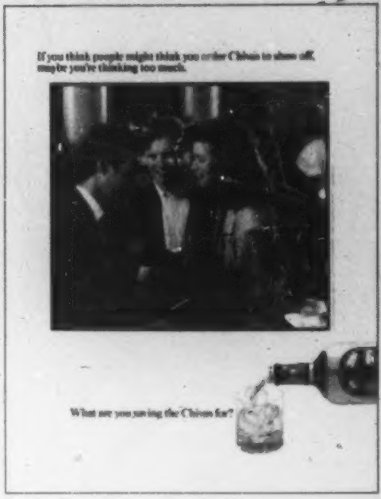
"Quite a bit of investment is being put behind the brand," says Egginton, apparently as a result of its acquisition by Guinness PLC. About $25 million is being spent on advertising and promotion.

Chivas Regal

The spirits industry has a self-imposed ban on tv commercials, but nothing's wrong with airline or cruise-ship video advertising. That's where you'll find Seagram's Chivas Regal. Four 30-second spots began airing in April that center around the scotch's latest campaign bearing the tagline, "What are you saving the Chivas for?"

But the majority of spending is in magazines, such as the newsweeklies, business publications, men's books and men's fashion books. Women aren't specifically targeted, although they appear in a number of the ads. Newspapers are used very little. Says Ellice Matsil, vice president, market research and planning for the House of Seagram, "The reason is that the brand deserves quality reproduction and the color value one can get from a magazine." In addition, newspapers go after a broader, mass market.

The demographic for Chivas, says Matsil, "is people who appreciate the best" and who are "fairly well-to-do." She adds, "We don't narrowly focus on a particular age group."


If you think people might think you order Chivas to show off, maybe you're thinking too much.
What are you saving the Chivas for?

Chivas sponsors a young-entrepreneurs awards program.

Because the country isn't homogeneous, Chivas sponsors special events and community affairs in grass roots programing at the local level. For example, Hispanic programs are held in Miami and New York, with perhaps a tie-in with the Puerto Rican Day parade in New York. Black scotch drinkers are targeted in Atlanta and Chicago. Chivas also sponsors a young-entrepreneurs awards program.

Chivas also has special packaging programs, such as a Chivas and Crown Royal combination pack. Value-added packaging is also done. This past June, a brass picture frame was included with a bottle of Chivas. There are also classic film videocassette offers. Refunding has been done in the past but not this year. Matsil says there aren't any plans to coupon next year.

Matsil says that Chivas also has a club similar to that of other scotches. However, she says the Chivas club is on a "much smaller scale," and it is "only a direct-mail effort."

Regarding ad expenditures, Matsil says "considerably more" is being spent on advertising than LNA's estimate of $3.2 million in 1987 and hints it is in the area of $15 million. DDB Needham Worldwide is the agency.

Cutty Sark

Cutty Sark plays on the old-boys network, or the "relationship between older and younger men" as Cornelius Marx, president of Buckingham Wile Co., which markets Cutty Sark, puts

We're on your customer's doorstep every day.

When Central New York consumers open their doors, we're there. We're The Syracuse Newspapers and every day we're in 60% of the households in our four county market. On Sunday we reach 74%.

To reach your Central New York customers, you need The Syracuse Newspapers. We'd like to show you how to deliver your product message to your best customers in Central New York. For information, write: Research & Promotion Dept., The Syracuse Newspapers, P.O. Box 4915, Syracuse, N.Y. 13221, or call Carl Sweeney (315)470-2073.

The Syracuse Newspapers can put your favorite people — customers — in touch with your product.

The Syracuse Newspapers
The Post-Standard Herald American Herald-Journal
Represented nationally by Newhouse Newspapers

it. The campaign, almost two years old, "attempts to portray a mentor and his advisee in a situation in which they are interacting," Marx explains, adding that the interaction is affectionate while powerful in an elegant setting.

The magazine ads — newspapers aren't used except in special promotions because it is "hard to convey the elegance of the ads" — are in black and white. Books used include business magazines such as *Fortune*, weekly news magazines like *Newsweek* and "avant-garde" publications, including *L.A. Style* and *Spy*.

Cutty's outdoor campaign, launched this summer, is in color. Marx says the billboards are appearing in affluent suburbs and center cities where business people will see them. MacNamara Clapp & Klein is the agency.

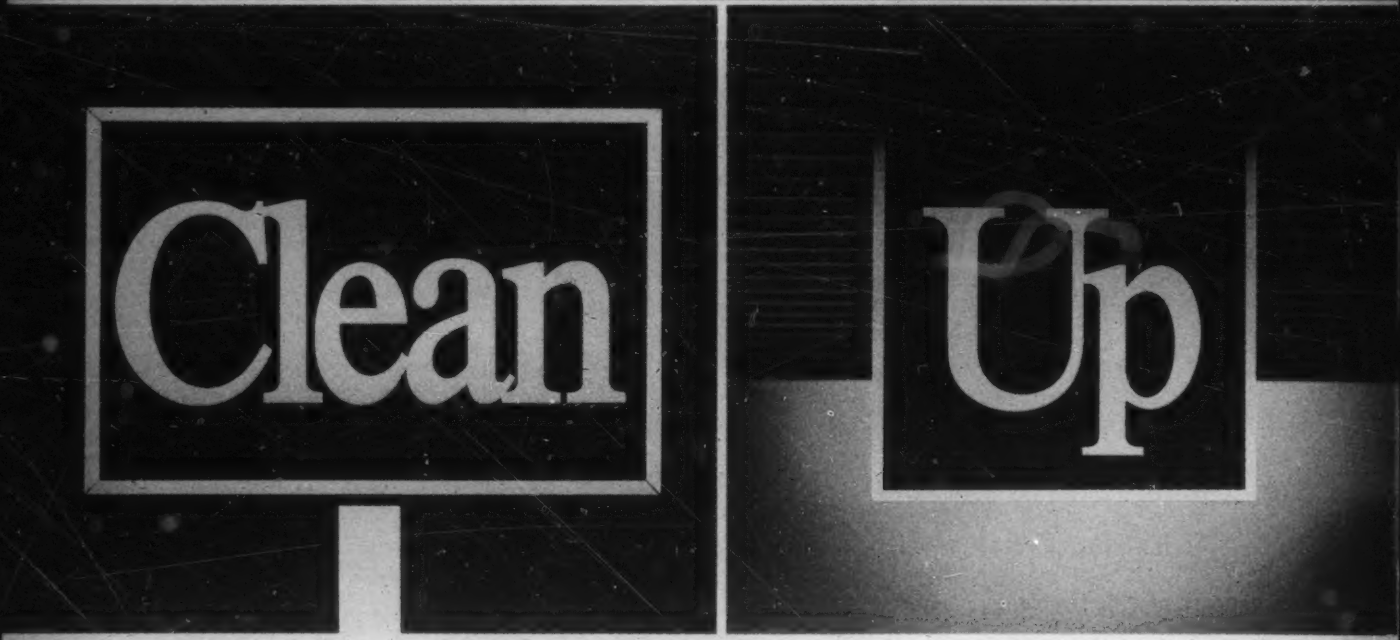
Marx says the brand is trying to reach more of a psychographic than a demographic, though the age of the target audience is getting younger. "The reason for the decline in the scotch category is that we're not attracting new, younger users," Marx explains. "They think it's an older person's beverage. Their father may have drunk it." Going after the psychographic angle, Cutty's tagline is, "Live a Cutty Above." Marx says the advertising has "come out rather well" in qualitative and quantitative research. "It's not a barn-burner campaign, but it's creating awareness," he notes.

Cutty goes for the mentor/protégée approach.

In conjunction with the Men's Fashion Association, Cutty Sark has been sponsoring men's fashion awards. Cutty Sark also started the Connoisseur Club last spring. Membership is free, and participants are able to get discounts on travel and brand-name merchandise. The club had its beginnings in Florida with plans for national rollout. Several hundred thousand dollars were spent on advertising just in the state of Florida.

Cutty Sark had refund programs for the last five years but ended them this year. "I think as everyone was battling for share, the use of coupons was very attractive," admits Marx. "We found it was intensely costly, expecially at the $5 level."

Marx says that LNA's estimate of $4.5 million in ad expenditures last year was about doubled this year. "In certain markets," notes Marx, "the weight will be even greater than that." Cutty Sark has strong franchises in California, Chicago and Florida, to name a few.



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BLENDED WHISKEYS

Seagram's 7 Crown

Blended whiskeys, which haven't been making much of a splash, have one vigorous and venerable brand in their midst: Seagram's 7 Crown. Even though sales slipped about 50,000 cases, the brand still sold almost four million cases last year, more than twice as many as its two nearest competitors, both of which are Seagram products as well.

Gil Solnin, group marketing director, calls the brand "more upbeat, more lively and more fun." It's a "party brand," he says. The magazine advertising reflects this, with youngish people hanging around on a fire escape for after-work partying; another ad is an overhead view of two couples drinking Seagram's 7 on rafts in a pool. The other ads are equally good-time oriented. They appear in general-interest magazines such as *People*, plus targeted titles like *Playboy* and *Rolling Stone*. "And," notes Solnin, "I don't think you'll see any whiskey other than us in *Star* magazine."

Seagram's 7 and

Seagram's 7 Crown is the "party brand."

The demographic for Seagram's 7 covers a wide range, including entry-level drinkers to those in their 50s, with more men than women. National magazines are the main medium used to reach the target audience, which is 25-to-44 year olds — "where the baby-boom blip is." There aren't any regional skews, explains Solnin, so local newspapers and outdoor are used to a lesser extent. Ogilvy & Mather is the agency.

Seagram's 7 has been around for more than 40 years, and its signature drink, the 7&7, was mixed for the first time about that long ago. A Joliet, Ill., Seagram representative came up with a drink to honor a local resident, Red Grange, a football player whose number was 77, hence Seagram's 7 and 7Up. A June promotion updates the drink to 7 & Slim, or Diet 7Up, for a lower calorie drink.

Like other blended whiskeys, Seagram's 7 does refunding, but just a couple of coupon offerings for $2 to $3 a bottle during the year, says Solnin. There are also sponsorships of the U.S. men's pro ski tour.

Regarding LNA's estimate of $4.5 million in ad expenditures for 1987, Solnin says that would about cover the last three months of the year when the new campaign broke in national magazines.

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IMAGE GRAPHICS FROM 3M

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3M

Kessler

Kessler, which holds the second biggest market share of the Seagram blended whiskeys, is "very consistently sports-oriented" in its marketing and positioning, says Jim Barrett, product manager.

The brand's demographic is "somewhat more blue-collar and less educated," explains Barrett. He says a Kessler drinker is also over 35, older than the average age, and has a lower income than one would expect for a blended-whiskey drinker. Kessler's clientele generally may be found in California, the upper Midwest, Tennessee, Kentucky and Buffalo, New York.

Kessler's ads, which appear in consumer magazines, carry the tagline "Smoother than silk." Pictured may be a man throwing a football or sliding into second base. In addition, Seagram has been sponsoring professional bowling tournaments for 11 years and currently backs the $130,000 Kessler Open as well as the $130,000 Kessler Classic.

Seagram also pushes "perennial brands," whose common thread is their moderate pricing. Although Seagram doesn't market them as a group, there is an inducement to buy more of the products in order to get bigger or group refunds. Kessler, along with brands such as Calvert, Wolfschmidt and Passport, comprise one group. Refunding is Kessler's primary promotional vehicle.

Ads appear in consumer magazines and on billboards. Occasionally, Kessler appears in ROP ads in newspapers and also in FSIs on Sundays. Ogilvy & Mather became the agency within the past year.

Barrett wouldn't comment on the ad budget, but in 1987 LNA reported that Kessler had spent $432,200 on outdoor advertising.

Calvert Extra

Seagram also has cornered the third-place market share of blended whiskeys with Calvert Extra. Product manager Barrett says the brand is popular in the South, the Midwest, Connecticut, Maryland and Delaware, as well as other states.

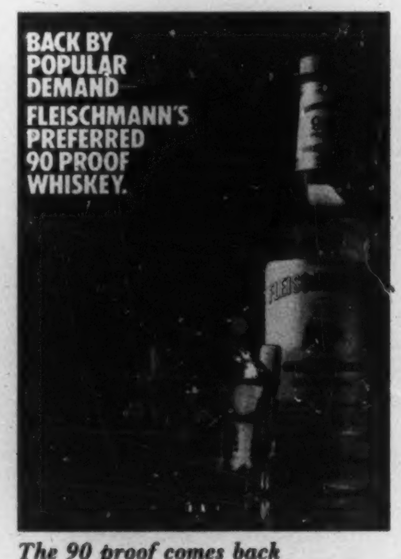
Calvert Extra appeals to an older group that is "less likely to be employed, educated or married," says Barrett. It is regionally advertised only on billboards, and it doesn't do sponsorships. However, like Kessler, Calvert Extra is very much a part of the perennial promotions.

The product had its beginnings in 1963. Calvert Extra is actually the former Calvert Reserve, which was reformulated. "As the consumer trends changed in the '60s to lighter tasting products, the decision was made to reformulate," he explains. "Some creative maven decided to call it the 'soft whiskey.' "

Fleischmann's Preferred

Fleischmann's Preferred is a product with a demographic so old that a special promotion may be to "buy four bottles and get a hearing aid," quips Bob Bewkes, national brand manager for Fleischmann's Distilling Co. The blended whiskey, which has its biggest following in Massachusetts, appeals to a mostly blue-collar, retired drinker, says Bewkes.

Dating back to the 1870s, the brand had always been 90 proof. To save on taxes, the product dropped to 80 proof (The 90 proof never left New England and has since been reintroduced in Pennsylvania.) in 1980, but the price was never dropped, barks Bewkes. "We lost two to three times our actual volume in the southern and central parts of the country because of dropping to 80 from 90 proof," he adds, noting that Fleischmann's Preferred had been the only 90 proof brand.



The 90 proof comes back to Pennsylvania.

Since the brand spends only $25,000 on advertising, and that's just for the 90 proof, with zero spent on the 80 proof, the brand is pushed through pricing. Because different prices for the same product aren't allowed under the affirmation law, explains Bewkes, Fleischmann's Preferred has three different ages: 48 months, 50 months and 52 months. The different ages enable the brand to be sold for different prices in different parts of the country.

For consumers, rebates are limited to $25 per case.

Magazine advertising is confined to the trades, and sales on the brand are advertised in newspapers in the bigger markets. Fleischmann's also sponsors fishing tournaments and case cards with offers for rods and reels, which are a way to get a store display.

Imperial

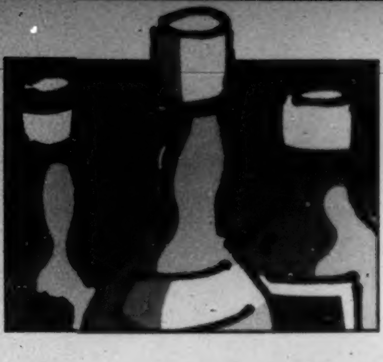
Imperial Blended Whiskey, manufactured by Hiram Walker & Sons Inc. and introduced in the 1940s, encountered stiff competition from Canadian Whiskey only to face a domestic problem of declining sales years later.

W.P. Wilde, vice president and director of marketing for Hiram Walker, says, "We stopped the decline with the help of a more local marketing and merchandising plan, but the category as a whole was flat." Sagging sales also prompted Imperial to drop its national advertising campaign two years ago, although the blended whiskey is still distributed nationwide. The strongest regions for Imperial are the Northeast and Midwest, where most of its advertising is done, and the target audience of 30- to 55-year-olds is of middle-to-upper income.

There are occasional ads in trade publications and on-site promotions in distribution centers as deemed necessary by local division managers who handle all of Imperial's advertising, explains Stephen Eskoff at Imperial. "If we need to prepare ad material, we have people in-house to do it," he says.

Outdoor advertising is employed on a limited scale as well, and Imperial also maintains a rebate program. ■

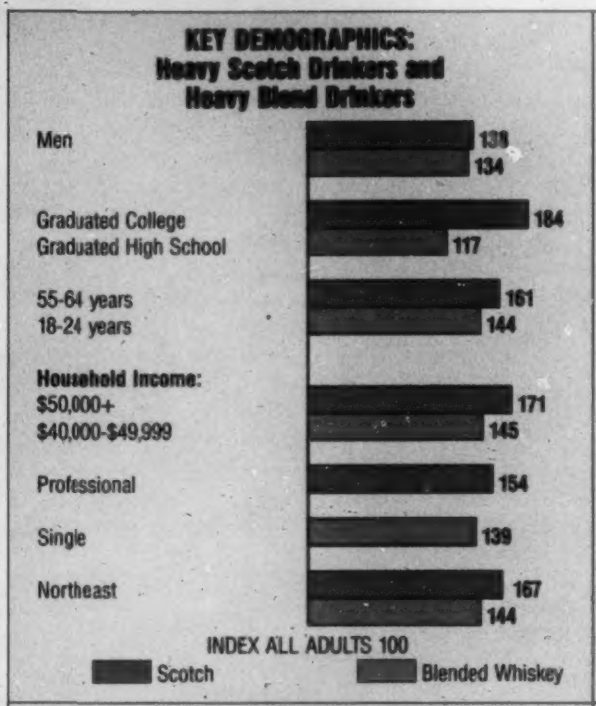
Additional reporting by Michael Zebe.



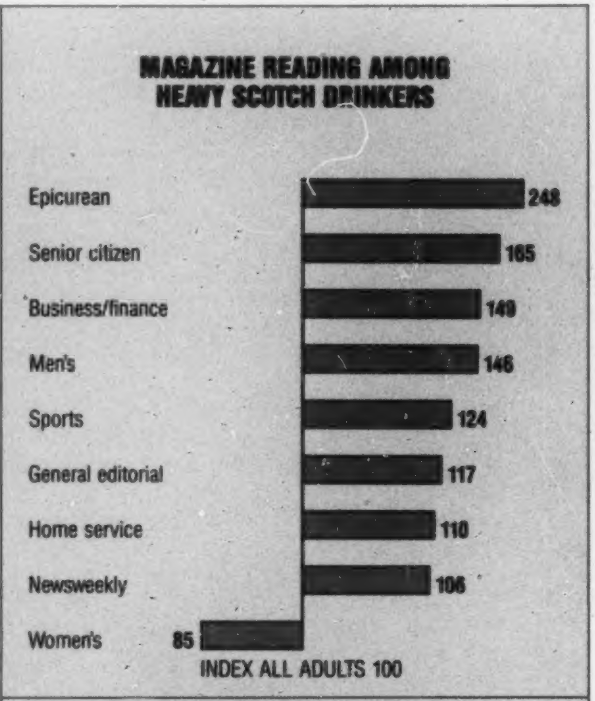
BRAND REPORT INDEX

SCOTCH & BLENDED WHISKEYS

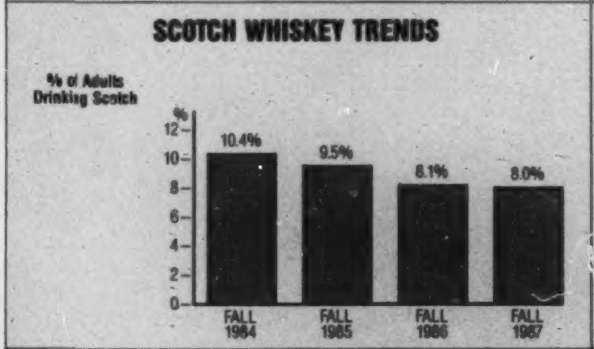
How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.



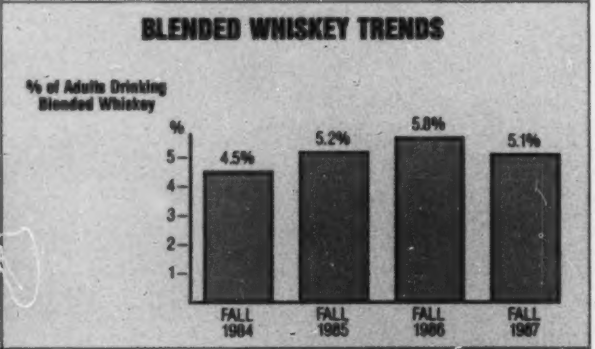
KEY DEMOGRAPHICS: Heavy Scotch Drinkers and Heavy Blend Drinkers



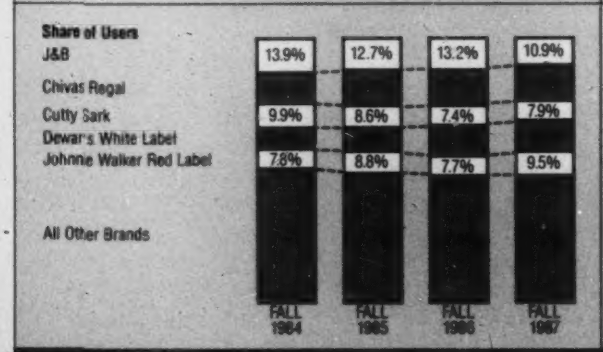
MAGAZINE READING AMONG HEAVY SCOTCH DRINKERS

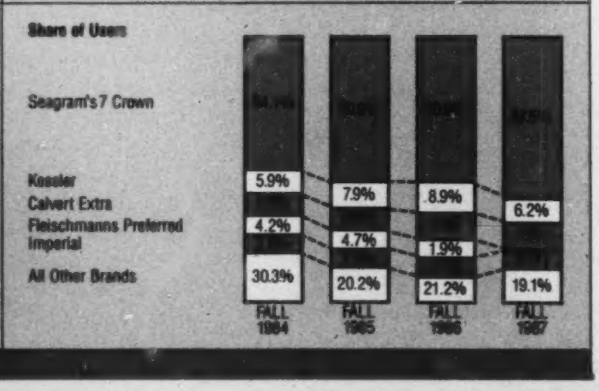


SCOTCH WHISKEY TRENDS



BLENDED WHISKEY TRENDS





Source: Mediamark Research Spring 1987

ECONOMIC EYE

DIALING FOR DOLLARS

Voice information services, from weather to dial-a-joke, are being adopted by media as a way to add value to an ad. ARC Syndicated Yellow Pages, Berkeley Heights, N.J., polled six markets to see who's dialing. Among the answers: 8.3% of Rhode Islanders, 13% of Philadelphians and 9% of Decatur, Ill., do so regularly.

MAGAZINE AD SCORECARD	Ad Pages June 1988	% change from June 1987	Dollars spent (000)	% change from June 1987
1. Skin Care, Creams, Lotions and Oils	90.74	−20.3%	$ 2,934.4	−29.8%
2. Lip and Eye Beauty Products	107.74	+33.6	4,603.9	+70.9
3. Scents and Fragrances	139.69	+21.9	3,435.3	−9.7
4. Facial Makeup Products	48.06	+13.5	1,622.9	+10.0
5. Prepared Dinners and Entrees (Including Pizza)	16.42	−38.6	1,222.2	−35.0
6. Liquor	435.57	+7.4	19,024.1	+9.8
7. Cigarettes	590.74	+2.7	30,076.7	+0.9
8. Soaps and Detergents	42.93	−20.5	2,812.7	−14.1
9. Passenger Cars, Domestic	450.25	+6.9	21,128.4	+12.0
10. Passenger Cars, Imported	487.06	−9.9	20,224.7	−21.9

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100	1987 Sept.	% change	Oct.	% change	Nov.	% change	Dec.	% change	1988 Jan.	% change	Feb.	% change	March	% change	April	% change
Network TV																
Daytime	83	−11	97	−6	91	−8	82	−4	92	0	80	−7	82	−7	78	−16
Nighttime	106	−0	110	+6	115	+8	111	+2	112	+5	148	+41	113	+13	99	−0
Spot TV																
Prime time	124	+18	123	+3	123	+6	123	+6	128	−1	130	−2	115	−12	–	–
Daytime	102	+3	112	+2	113	+2	105	±0	123	−3	108	±0	98	−8	–	–
Network radio	106	+2	122	+6	112	+6	106	+6	147	+6	129	−7	121	−4	116	+0
Spot radio					112	+9					106	+3			–	–
Consumer magazines	109	+3	109	+3	111	+4	113	+5	114	+6	115	+5	115	+4	115	+5
Natl. Sunday mags	118	+14	106	+12	106	+12	106	+12	117	+10	116	+10	116	+10	116	+10
Business publications	111	+4	112	+5	113	+5	113	+5	117	+5	117	+5	117	+5	117	+5
Newspapers	115	+7	115	+6	115	+6	116	+7	124	+7	124	+7	124*	+7	124	+7
Outdoor	114	+6	118	+12	118	+12	118	+12	123	+11	123	+11	123	+11	123	+8

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimates prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

THE OLYMPICS: WORTH THE PRICE?

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MARKETING & MEDIA
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network television into a new era of marketing-based sales. Welcome to the real world.

NEW YORK PAPERS ◆ BUYING CLOUT ◆ FROZEN ENTREES

MARKETING & MEDIA DECISIONS

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COVER STORY

LEARNING TO MARKET 38

The new television marketplace has sent network executives back to the books to learn to better market themselves. The days of a simple order-taking are over, and CBS is leading the way to the more sophisticated sell.

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Media-buying muscle produced by joint ventures among competing agencies is a foreign concept to most U.S. agency observers — at least, so far.

STUDYING THE STUDENTS 55

Despite the departure of three national efforts from the college-media scene, many advertisers still recognize the potential of this market.

GOLD RINGS OR SMOKE RINGS? 64

The only sure thing about Olympic sponsorships is that they're going to cost you a lot of money. After that, it's a matter of opinion whether you get your money's worth.

BIG-APPLE INK 74

New York City's four major dailies fight a furious battle for readers and advertisers. Luckily, the Big Apple's a newspaper town.

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FROZEN ENTREES 101

Convenience, health and price are the main ingredients in this category. Brand Report Index, pg. 120.

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Cohen takes to coolers for Seagram, Farella goes big time for Wells Rich Greene and Goldstein scores at Lintas:USA.

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Clearing the suds, yellow-page planning, a newspaper lament, a Grey Panther roars and an All Star reminder.

UPDATE 26

Arm & Hammer toothpaste makes its national move, and the subject is delivery as direct marketers and publishers meet.

DEBUT 28

Turner raises a bit more dust in cable as TNT explodes on the scene.

FREEZE FRAME 30

As the networks iron out their belated schedules, cable is out to make the most of its new fall season.

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A risky, if eye-catching, execution: ads with no copy or product name.

MOTOROLA
USA
VISA
EXPRESS
VONS
USA

September 1988, Vol. 23, No. 9
Cover photograph by Maria Ferrari

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Returned warranty cards have helped National Demographics & Lifestyles create a marketer's research bonanza when properly put to use.

BROADCAST BEAT 127

Spot reps discover marketing . . . Quantum Media eyes a radio net . . . the research focus shifts from national to local tv ratings.

ON THE DOCKET 129

Kraft has taken an unusual position regarding challenges to their nutrition claims for Kraft Singles. They say no one believed them anyway, so the point is moot.

SALES PROMOTION 132

Marketers go for it as they design promo programs that tie in to the Summer Olympics.

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Radio signals: Arbitron and Birch numbers are debated, and buyers detail radio's place in their media mixes.

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A comparison of national and Top 20 DMA cable penetration figures, plus our magazine category scorecard and Media Cost Index.

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The strategy versus execution debate is yielding some new answers. Robert Kopp of Babson College is one observer whose opinion has changed.

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Though "global media" sounds like a lot of hype, it merits aggressive exploration.

TELEVISION *Alice Sylvester* 84

As viewing habits change almost hourly, the technology of audience measurement strains to keep up — all to the long-term benefit of the media buyer.

CABLE *Margaret Rosser* 90

Advertisers like The Travelers are adding "super cable packages" to their plans. Ads, print and promotion are all part of the plan.

SPOT TV *Donald J. Cole* 94

With all the attention garnered by cable, prime-time packages on independents often prove to be a good deal left by the wayside.

MAGAZINES *Richard Bonds* 96

Effective print planners must overcome buying complexities with a thorough understanding of the magazine process and the options available.

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CABLE

Margaret Rosser

Senior vice president,
media director,
Campbell-Mithun-Esty, New York

TRAVELERS' PACKAGE DEALS

Cable is making a mint these days, and the huge cash flow is bankrolling all sorts of ventures by cable operators. Their goal is to fulfill the original promise of cable tv for quality programing. That spells trouble for the broadcast networks: As new and improved programing and a multitude of choices lure more viewers and advertisers, the Big Three's audiences will continue to erode.

We anticipate that cable will achieve 70% penetration of U.S. tv households (HH) by 1995 and that the three networks' audience share will decrease to 55% by that time. In fact, network viewing in cable HH has already fallen to that level.

CABLE PENETRATION/ NETWORK SHARE (PRIME)

	Cable	Network
1980	21%	85%
1985	46%	73%
1988	51%	66%
1995*	70%	55%

Source: A.C. Nielsen;
**1995 figures are Wm. Esty estimates.*

It is no longer uncommon to hear that agencies recommend to clients, "Buy more cable." All indicators are on the upswing: viewing audiences, ad revenues, programing successes and financial clout.

More and more advertisers are using cable for targeted opportunities (the rating is smaller but the demographics are superior). Also, there are a myriad of opportunities in the promotional area. Advertisers love the additional impact that can be created with some of the combination cable packages, including promotional add-ons.

We call them the "super cable packages," and one client that has traditionally utilized cable tv, Hartford, Ct.-based The Travelers, has added several of these packages to their plan. Two are aimed at the upscale consumer segment:

I. **Arts and Entertainment**

Sponsorship of seven mini-series:

- *Vanity Fair*
- *Divided Union*
- *The Living Planet*
- *Hollywood: The Golden Years*
- *Agatha Christie Mystery*
- *Durell in Russia*
- *Footsteps: Great Archeological Discoveries*

Print and tv promotion:

Print

- Editorial and advertising support in A&E monthly guide.
- *TV Guide*
- *Cable Guide*
- Sunday magazines
- *New York Times*
- *Vanity Fair*

Television

- Tune-in promercials starting week prior to opening and continuing for duration of series.

Promotional support

- Gala-event launch party in Hartford, including tv and press coverage with mayor, civic leaders, The Travelers executives and agents.
- Study guide (including editorial on The Travelers sponsorship) to secondary educators throughout U.S., 25,000 high schools.
- Mini-series companion volumes mailed to key executives/agents.

II. **The Discovery Channel**

Sponsorship of The Travelers showcase.

- Series sponsorship promoted nationwide through print and tv.
- Editorial and advertising support in Discovery's monthly magazine.
- Community launch party with tv coverage for Hartford area leaders.
- Special promotion to secondary educators.

To strengthen the overall advertising effort to The Travelers small-business target audience, we included:

Nation's Business Today

Sponsorship of *Small Update*.

- Insertions in *Nation's Business* magazine including editorial on tv sponsorship.
- Free insertions in *The Business Advocate*, the Chamber of Commerce newspaper (also includes free promo ads for tv sponsorships).

Promotional opportunities included:

- The Travelers representation on Small Business Council.
- Meeting with Chamber of Commerce president to discuss small-business initiatives.
- Joint ventures between The Travelers and U.S. Chamber Small Business Committee.
- Invitations to The Travelers key staff for briefing on small-business opportunities of the U.S. Chamber.

For the "corporate" and "working women" specialized efforts, we turned to:

Cable News Network

- Sponsorship of *Business Morning* and *Moneyline* business/news shows, with sports events parties/entertainment.
- Sponsorship of *Women in Business* features, with promotional seminars on topics in the financial services area.

Edward Faruolo, director of corporate advertising and promotion for The Travelers, believes, "The abundance of creative and impactful choices that are available in cable television today allow us to reach our target audience in a media environment that is more relevant to their lifestyle or business interests. In addition," he continues, "we are able to leverage our advertising presence through the promotion and merchandising programs that are provided."

The Travelers is taking full advantage of the dramatic changes in America's television viewing habits with its utilization of the many creative and effective multi-dimensional packages that are available in the world of cable television.

Thus, we can see the growth of cable being driven by the rapidly expanding choices of attractive, alternative programing available to viewers and programing and promotional packages for advertisers. ■

SPOT TV

Donald J. Cole

Senior vice president/
media director,
W.B. Doner and Company,
Baltimore, Md.

THE FORGOTTEN DAYPART

We hear a great deal about cable television these days, and much of the attention that the medium receives is well deserved. Now that penetration is over 50%, many more advertisers find network cable useful as part of their mix — it is extremely efficient, moderately upscale in delivery and many of the networks are flexible and imaginative in putting together special promotions and sponsorships.

With all this activity going on in cable, it seems that many media professionals are neglecting an area in spot that has continued to provide excellent value for nearly a decade. The vehicle is cume packages on independents. Several years back, the Association of Independent Television Stations made an aggressive effort to sell agencies on the idea of cume packages. The concept was a sound one. Traditionally, broadcast negotiators always tended to "pay more to get more." That is, you would pay significantly more on a cost-per-point basis for spots with very high ratings than for lower-rated spots because of the large, unduplicated reach that top-rated shows provided. Most people felt that the premium for these showcase units was warranted.

The cume package was a way for independent stations to fight back. A package of carefully selected spots across an independent's lineup would behave like a schedule on network affiliates and at a significant savings. For a year or so, there was a big flurry in the trade press, and then things quieted down. Today, when we interview young planners with a few years' experience who wish to join us, some do not know what a cume package is. Others have never recommended them for client use.

Yet spot prime on affiliates continues to get more costly. And there is less value now to the premiums affiliates want due to the increasing fragmentation of viewing brought on by both cable and independent growth. So to us, cume packages make a great deal of sense. In fact, you can argue their case far more effectively now than ever before.

To illustrate the point, let us look at a cume-package example in prime-time. At Doner, we have dubbed prime on independents "the forgotten daypart." Using Arbitron's AID system, we chose a top-ten market. The trade-off was as follows: Three blockbuster prime-time units (average 20 household rating) versus two spots per night for 20 nights, Monday-Friday, in prime-time movies on the top two independents in the market. The equal dollar swap, then, was three units on affiliates versus 80 on independent prime movies. (We used meter AID to provide an empirical base for household delivery over the course of four weeks.) See the chart below for results.

Admittedly, these results are an extreme example. We chose three units on affiliates that were among the highest priced in the market. Nevertheless, the results shake you to the core when you realize that for the same money, you obtain nearly five times the GRPs, three and one half times the three+ reach and 30 more points in reach.

Prime-time cume packages on the indies deliver both viewers and savings.

Clearly, not every market has independents as strong as our top-ten test market. Careful individual market analysis is required before wholesale changes in strategy are made across an entire support market list.

Also, certain rules should be observed when buying movie packages. Avoid stations where movies are run with only four commercial interruptions. This often means your spot is

NETS, INDIES AND PRIME TIME

	Household Reach	Average Frequency	3+ Reach	Household GRP
Prime-time Network Affiliates	33.4%	1.8	9.8%	60.1
Independent A	44.8%	3.3	21.3%	147.8
Independent B	44.9%	3.3	18.9%	148.2
Independents Combined	63.9%	4.6	35.9%	296.0

Source: Arbitron AID

BRAND REPORT

No. 155: Frozen Entrees

FREEZER BURN

by Paula Schnorbus

Carl Sagan's world of "billions and billions" could very well apply to the frozen-entree category, which seems to debut a new product or line extension every time you visit the freezer case. These entrees gobbled up almost $2.7 billion in supermarket sales alone last year, says *Progressive Grocer* magazine. It's no wonder that coming up with a new star in the category has become about as daunting a task as landing on Mars.

Just a few years ago, "premium" frozen entrees began to stuff the freezer cases, but consumers, unwilling to fork over several dollars instead of a dollar or two, gave Swanson's Le Menu entrees, Conagra's Light & Elegant and Weight

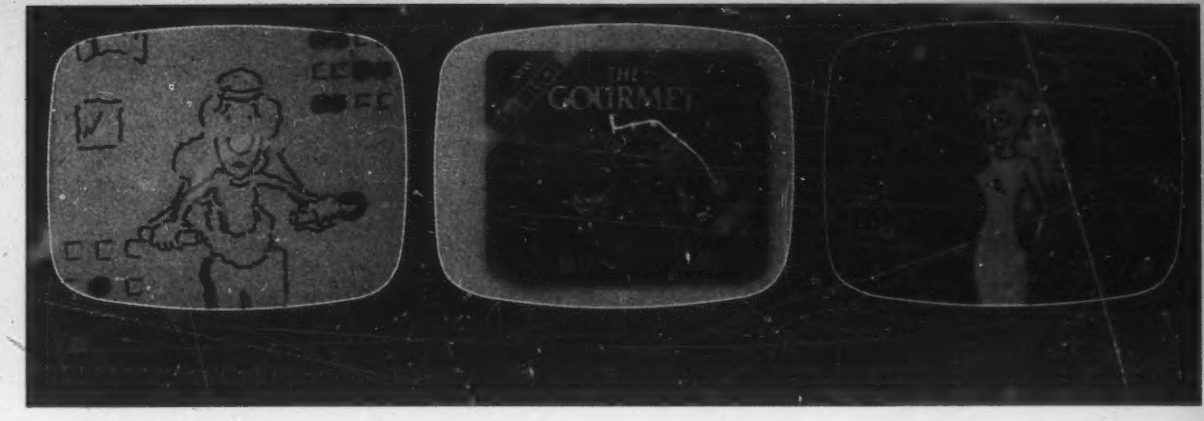
ILLUSTRATION BY CAMERON EAGLE

SALISBURY STEAK
BEEF
SPAGHETTI MEATBALLS
FRIED CHICKEN
LASAGNA
CHICKEN DIVAN
TURKEY DIJON
CHICKEN PARMIGIANA
MACARONI CHEESE
CHICKEN PARMIGIANA
LASAGNA
FRIED CHICKEN
SALISBURY STEAK
SPAGHETTI MEATBALLS
BEEF BURGUNDY
LASAGNA
SALISBURY STEAK
FRIED CHICKEN
MACARONI CHEESE
BEEF BURGUNDY
TURKEY DIJ
TURKEY DIJON
LASAGNA
MACARONI CHEESE

FROZEN ENTREES' 1987 MEDIA EXPENDITURES (000)

	Total	Network* Television	Spot* Television	Cable TV* Networks	Syndicated* TV	Spot** Radio	Magazines	Sunday magazines	Newspapers***
Lean Cuisine	11,923.9	6,646.7	391.0	85.4	1,410.9	—	2,335.7	624.2	—
Budget Gourmet	7,352.8	—	5,268.7	—	—	—	2,072.6	—	10.7
[illegible]	6,158.2	387.6	2,201.8	8.1	—	294.4	2,810.5	—	463.9
[illegible]	[illegible]	4,229.3	130.5	197.7	622.5	—	99.8	98.8	54.6
Weight Watchers	3,130.7	—	—	—	1,710.8	—	650.2	471.4	[illegible]
[illegible]	118.7	—	—	—	—	—	—	—	118.7

Sources: Leading National Advertisers; *Broadcast Advertisers Reports as reported to LNA; **Radio Expenditure Reports; ***Media Records. No network-radio or outdoor expenditures were reported.



Watchers' Candle Lite meals the cold shoulder. The upshot: They were pulled from the shelves. Stouffer's Food Corp., which has been at the top of the heap with its higher-priced "red box" prototype and Lean Cuisine entree lines, found its volumes down between 7% and 10% last year, according to John McMillin, food industry analyst, for Prudential-Bache Securities. Meanwhile, the more wallet-conscious Weight Watchers, Banquet and Budget Gourmet's volumes were on the rise.

Now, following the lead of five-year-old Budget Gourmet, an upstart marketed as an upscale meal with a downscale price of $1.79, Conagra is test-marketing its copycat Sensible Chef entrees, while Stouffer's and its Lean Cuisine entrees are couponing more than ever.

The All American Gourmet Co., which makes Budget Gourmet, opened up its offerings three years ago with its Slim Select entrees. Now the company is test marketing the new Eating Right selection, a 14-entree line of low-calorie, frozen entrees that will be priced competitively with Lean Cuisine and Weight Watchers.

Referring to low-calorie and low-priced entrees, "Health and convenience drive the market," asserts Jack Ryder, vice president, general consulting, Glendinning Associates, a marketing consulting firm.

But let's not forget taste. According to *Consumer Reports*, only one in five readers said they eat frozen dinners for taste. If it's any reflection on the rest of the world, *Consumer Reports*' "trained taste panel" called now defunct Light & Elegant's chicken in cheese sauce "dry, tough and stringy with gamey, dark meat . . . mushy broccoli, rubbery mushrooms, stale and musty tasting." Mmmmm. But even Budget Gourmet didn't score with its French-recipe chicken with vegetables, which was described as "usually dry chicken chunks with gamey, chewy dark meat and tomato sauce more like oily broth."

However, Mona Doyle, president of the Philadelphia-based Consumer Network, says that surveys show people think frozen products are getting better and that they aren't the "real dogs" of some time ago. Industry observers say that as far as the higher-priced, fancy frozen entrees go — or came and went — consumers may have been turned off by the taste, not to mention the fact that they could get restaurant or deli food for the same price. But others may prove that this segment can succeed, though out of the freezer case. Doyle adds that, to date, not many people have been exposed to shelf-stable, microwaveable products, but those who have "think they are an overwhelmingly better buy than frozen foods."

Low calories and low prices drive the market.

TUR DIJ
BEEF BURGUNDY
SALISBURY STEAK

Still, don't expect a little thing like taste to push frozen entrees by the wayside any time soon with more women working and microwave ovens infiltrating about two thirds of the nation's households. Mediamark Research Inc. reports that the kind of "female homemakers" buying frozen main courses are 35- to 44-year-old college graduates, the bulk of them full-time workers in the upper-income brackets. Science magazines were at the top of their magazine reading list, followed by news, photographic and business magazines — then epicurean. Sports programing, headed by golf, is what they watch on tv, and sixth on the list are prime-time sitcoms. (See chart on page 120.)

It is no secret that manufacturers spend millions on advertising their products to reach female homemakers, who do most of the grocery buying. Sources say that the introduction of All American Gourmet's Eating Right entrees alone will be close to $15 million, the same amount spent for all Budget Gourmet lines, which include side dishes, dinners and entrees.

But ask manufacturers about marketing plans, and they become just what they don't want consumers to become toward ingesting frozen entrees: tight-lipped.

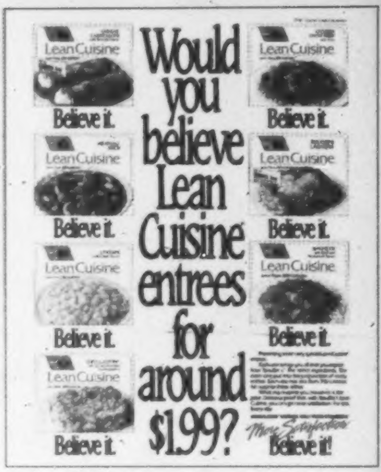
Basically, the usual advertising vehicles, such as tv, magazines and couponing, are in the marketing and media plans. Manufacturers are also working with the trade more to get their products better play. One frozen-food buyer in the Midwest says that Stouffer's has come out with billback features they never had before. "They're finally doing what their competitors are doing," he says. "Stouffer used to bring out new items, and it was almost, 'Take it or leave it, you will be forced to buy it because it's so good,' " he says facetiously. But with Budget Gourmet, says Jack DeMoulas, vice president, frozen food and dairy of the Market Basket Inc., which has 42 stores in Massachusetts and New Hampshire, "I can buy everything on deal with them all year long."

Chris Lowe, partner at Marketing Corp. of America, points out, "If you had to categorize across the store, the frozen-food case has been the focal point. In terms of doing deals and slotting allowances, the cost of doing business from the trade perspective is higher than in any other part of the store. It puts a strain on manufacturers for available marketing dollars." And you can't store frozen foods in the back room of a supermarket.

A marketing director from one of the big frozen-entree companies says that basically retailers tell him, "Give me bushels full of cash, and I'll take care of your product." They can afford to say that since their supply of shelf space can't possibly handle the exploding universe of product introductions.

That same explosion of entrees may also be scaring away potential brand loyalists. Consumers are complaining, " 'There are so damn many, I can't keep up,' " says Doyle. " 'I tried everything, and I can't even remember what I tried,' is what the consumer is saying."

Following are the six biggest frozen-entree brands based on 1987 overall retail sales, according to Business Trend Analysts Inc. They are Lean Cuisine, with 19%; Banquet, 17%; Stouffer's and Weight Watcher's, both 16%; Budget Gourmet, 11%; and Swanson, 10%. Keep in mind that the least expensive are Banquet, Budget Gourmet and Swanson.



Lean Cuisine pushes price points.

LEAN CUISINE

Although the Lean Cuisine name and the notation on the package — "less than 300 calories" — may suggest that only dieters consume the entrees, a look at an ad suggests a bigger target. One magazine ad in particular shows an expensive leather briefcase, purse and gloves, car keys and the upper-right-hand corner of a newspaper, subtly but obviously the *Wall Street Journal*. A box of Lean Cuisine's veal lasagna lays on top of the leather goods, and the words at the top of the page read: "Don't forget your lunch box."

Says Marguerite Tremelin, marketing services coordinator, "These are more upscale products and appeal to those with a fast-paced lifestyle, but they don't want to sacrifice quality for convenience."

Stouffer Corp. spent almost 10 years developing the Lean Cuisine product line, and Tremelin says that from the beginning, "Lean Cuisine was designed to appeal to a much broader audience than just dieters — people interested in lighter eating and maintaining their weight. It's a lifestyle rather than a diet mode."

Lean Cuisine was rolled out nationally in 1982 after 10 items went into test market a year earlier. There are now 28 entrees, including unusual offerings such as stuffed cabbage and herbed lamb. Lean Cuisine may average four to five new entrees a year.

The outside packaging hasn't changed much in the past six years, but inside half of the entrees are now on Stouffer's Dualon trays for microwave or conventional ovens. The trays are made of engineered plastic for high-heat resistance and are heat stable to 450 degrees. Fish dishes or some others with bread crumb remain on alu-

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*1988 Survey of Buying Power Sales & Marketing Management

Even upscale Lean Cuisine is couponing to keep up with rivals.

minum trays because they work better for these meals in conventional ovens.

As Lean Cuisine features its Dualon trays, it also boasts that the American Heart Association says a Lean Cuisine diet plan, which includes an entree in each dinner menu, is in accordance with the association's dietary guidelines. The diet book, *On the Way to Being Lean*, has been around since the inception of Lean Cuisine. It includes coupons for the entrees and also Minute Maid orange juice, Light 'n Juicy low-calorie fruit beverage and Kellogg's Special K. Lean Cuisine's coupons have appeared on Special K boxes as well in a cross-promotion.

Another cross promotion was called "The Lite Show," and touted to be "a great-tasting combination under 391 calories." It "starred" Diet Coke, Lite Lite Tofutti and Lean Cuisine. Thirty-cents-off coupons were available for each of the products.

More competition has prompted more couponing in recent years, says Tremelin. It had been used mostly for new products. But late last year and earlier this year, a special ad campaign by agency Della Femina, McNamee WCRS, Pittsburgh, practically shouted, "Would you believe Lean Cuisine entrees for around $1.99?" Lean Cuisine entrees range from $1.89 to $3.99, with most around $2.29.

According to Leading National Advertisers and Broadcast Advertisers Reports, for the first quarter of this year, Lean Cuisine advertised on network, spot, cable and syndicated tv and also magazines and Sunday magazines. About $5 million was reported in media expenditures, with tv getting the bulk and magazines coming in second. The 30- and sometimes 60-second spots, says BAR, have appeared on *ABC News This Morning, All My Children, Mr. Belvedere, Donohue, Hour Magazine, Jeopardy* and *Entertainment Tonight*. On cable, the entrees have appeared on TBS' movie presentations and *National Geographic*.

LNA reports, for the first half of the year, Lean Cuisine ads were in magazines such as *American Health, Cosmopolitan, Bon Appetit*, the *Los Angeles Times* and the *New York Times* magazines, *Southern Living, Sunset* and *Working Mother*.

BANQUET

Conagra's Banquet features a variety of entree presentations, such as Family Entrees that can feed mom, dad and a couple of kids; Cookin' Bags, which were the answer to not heating the oven; and Banquet Supreme, which is Banquet's answer to good food at a good value.

Tom Studer, vice president of marketing, Conagra Consumer Frozen Food Co., which markets Banquet, says that although Banquet Supreme is being sold at cut-rate prices — as low as $1.29 — it can't really be compared to the Budget Gourmet. Conagra's Sensible Chef is positioned more closely to the Budget Gourmet, both of which have more of a "linguini with clam sauce" upscale appeal, while Banquet Supreme, which has eight entree offerings, has a "lasagna" or family appeal. Banquet entrees always target the family, or a more "blue-collar-oriented," broad target of those 25 to 49 with a $25,000 and under annual household income.

New items aren't being added to the 15 or so boil-in-bag entrees that retail about 69 cents each because "they aren't as convenient as they used to be," says Studer. Studer says the Cookin' Bag business is "pretty much flat and the category is flat. It keeps chugging along, whereas we think the introduction of a line of entrees of dual-ovenable trays is on the move."

The family entrees, which average about $1.99 each at retail, have 16 different items. Banquet entrees have always been pushed through consumer promotions such as free-standing inserts (FSIs), direct mail, ROP and localized programs through the trade.

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With FSIs, Studer says “[illegible]pany has a tendency to be a [illegible]gher on circulation lists than most people. You have to be careful to balance the costs of running promotional activity with what you realistically get back for it.” Co-op advertising is used heavily because “the retailer knows how to sell products to his customers better than anyone else,” says Studer.

D'Arcy Masius Benton & Bowles recently put together five 30-second tv spots, some of which may be tailored to promote certain Banquet items. “I can piece together a spot for everything we have,” explains Studer. “Three spots sell what Banquet is. The other spots can be snapped together to support specific products in the line.”

The advertising budget has increased, but Studer won't reveal how much. “If the advertising works, it will be increased a lot more,” he hints. Banquet as a brand allocates “substantially over $10 million” toward its ad budget, says Studer.

NEW
Great tasting entrees at a price you can swallow.
Banquet Supreme
New!
New Banquet Supreme entrees.
Save 50¢ on New Banquet Supreme Entrees

Banquet Supreme has a “lasagna,” or family, appeal.

The Family Entrees and Cookin' Bags really rely on newspaper advertising and FSIs, but Banquet Supreme is getting much broader media support with some tv and more use of print such as in women's service magazines.

STOUFFER'S

We have Stouffer's to thank for frozen entrees, born 34 years ago. The marketing message remains the same: quality, convenience and variety. These have been promoted since day one, says Marguerite Tremelin, marketing services coordinator.

There are now 56 entrees for the regular line, or “red box” as some call it, ranging in price from 99 cents to $2.99. Stouffer's, like Lean Cuisine, also has been price promoting against its competitors, for example through increased couponing, and also playing up the quality aspect of Stouffer's name. One magazine ad reads, “If you can have 32 different entrees priced about $2 each, and they all have the name Stouffer's, why would you buy anything else?” Della Femina, McNamee WCRS, Pittsburgh, is the agency. Tremelin says that for all of the Stouffer brands, “Every year or so, we have a lot of new creative developed for each of the brands to keep things fresh.” New creative was also developed for five new tortellini dishes that were rolled out this year.

Recently, Stouffer's had its first major change on its outside packaging in more than 25 years. The food picture

They gave up their fighter aircraft for airline tickets and private planes. Their tanks are now mini vans, and their tents are four bedroom brick homes. They are a major consumer group, but don't think you can reach them with your regular media plan.

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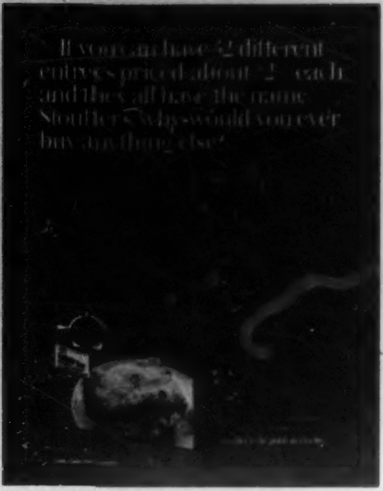


Stouffer's sell is the quality of their products.

got larger and the Stouffer name easier to read. Also Stouffer's Dualon container is noted in a little flag on the front of the box to show if it can be heated in either a microwave or conventional oven.

The target audience is pretty much the same as Lean Cuisine, and that is upscale but with a fairly broad reach. Tremelin describes it as one- and two-member households where one or both people are working.

For the first quarter of 1988, LNA reports that Stouffer's spent $3.4 million in ad expenditures. Commercials appeared on spot tv in 35 markets on shows such as *Family Ties, The Today Show, Wheel of Fortune* and *Entertainment Tonight*, according to BAR. According to LNA, in the first half of this year, Stouffer's frozen entrees were advertised in *Bon Appetit, Better Homes and Gardens, Cosmopolitan, Ladies' Home Journal, Life, Metropolitan Home, New Woman, People, Reader's Digest, Redbook, Smithsonian, Southern Living* and *Sunset*.

WEIGHT WATCHERS

"This is Living" may be the long-running tagline of Weight Watchers, but it also may be the tagline of the company itself, which has been gaining ground through the years.

A consistent vision is the key to Weight Watchers success, says Douglas Haines, general manager of marketing, Foodways National Inc., which distributes Weight Watchers. "We've had a good consistent balance," he maintains. "We've stuck with the same advertising campaign with the consistent message of good taste," Haines says, referring to the campaign with spokeswoman of five years, actress Lynn Redgrave. That's been complemented by a promotional program that includes couponing. "We work hard to get displays in stores and get retailers to feature us at a reduced price."

The "This is Living" campaign with Redgrave is continuously evaluated to determine its effectiveness. "We continue to find that it's more than viable," gushes Haines. "[Redgrave] is a credible, effective spokeswoman." The actress gained fame through her role as the zaftig "Georgy Girl" and lost weight through the Weight Watchers diet program.

Weight Watchers' 35 entrees, priced at $1.89 to $2.89, are targeted to primarily female, weight-conscious frozen-meal users who are 25 to 54 years old and make more than $25,000 a year. "We think working women are probably our most important subsegment," says Haines. "I think the employment status is more important than age or income. To the working woman, time is money."

Weight Watchers went through a "major across-the-line reformulation" in the early 1980s, says Haines. The outside box was changed then because it was "much less appetizing and the colors were used poorly." By 1986, the microwaveable tray was introduced, so if a Weight Watchers entree isn't in a boil-in-bag, it's on a microwaveable tray, even if it's fish. "We worked with the coating to make it reconstitute more crisply in the microwave," explains Haines.

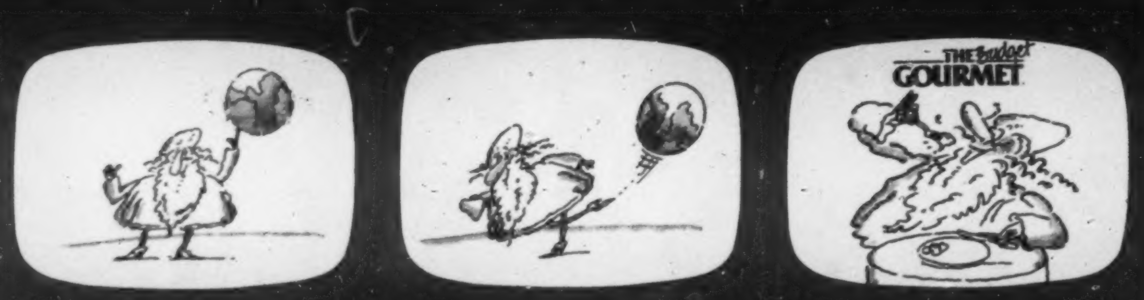
Tv is the primary advertising medium for the entrees. "We generally have a good presence in prime time, fringe and prime access. Network, spot, cable and syndicated tv are used, and BAR lists *ABC Monday Night Movie, Dallas, MacGyver, 48 Hours, Divorce Court* and *Wheel of Fortune* as some of the more recent tv shows used. On cable, the entrees have appeared on Cable News Network, USA, CBN and TBS, according to BAR. Spots are 15- and 30-seconds.

Haines says the entrees participate in a "fairly substantial magazine plan. Anything from the Seven Sisters to *Vogue* or fitness books like *Shape* and, of course, *Weight Watchers* magazine. Newspaper ROP ads haven't been used because the ads "look much better in color," says Haines. Newspapers have been used in selected markets, such as Jewish newspapers in New York and Philadelphia. FSIs are dropped three to five times a year through direct mail or Sunday newspapers. Radio isn't widely used. DDB Needham Worldwide is the agency.

Promotionally, Weight Watchers is always on the lookout for companies to be tie-in partners. Last year, the company ran a joint promotion with Diet Coke and Kellogg's Special K cereal. Free-standing inserts and coupons on the cartons were used. Weight Watchers also sponsors a women's cycling team.

Haines says last year's LNA estimate of $3.1 million in expenditures is "awfully low." He puts last year's media expenditures as more to the tune of $10 million. LNA also reports that for the first quarter of 1988, about $6 million was spent on the entrees.

Weight Watchers



Budget Gourmet's approach is whimsical, but the overall message is unchanged: "Great tasting food at great prices."

BUDGET GOURMET

Here's a product that has made the other frozen entrees shudder in their cases. Budget Gourmet's entrees, born five years ago, cost only $1.79 for the regular entrees and $1.89 for the three-year-old Slim Selects. But last year Budget Gourmet commanded an 11% market share based on retail sales.

Paul Olson, director of marketing for the All American Gourmet Co. that is the brains behind Budget Gourmet, now a unit of Kraft Inc., says All American has almost tripled in size from three years ago. He adds that the marketing is very regional, and the fundamental message hasn't changed: "Great tasting food at great prices."

"We try and coordinate our marketing efforts with trade customers as much as possible," explains Olson. "We try to be flexible in terms of the local broker and what his needs are in terms of timing." He adds, "We want them to push our product hard, so we give them the tools to do it," such as price promotions and coupon drops. "We'll buy space in their tv programs, too," says Olson.

There are 14 Budget Gourmet entrees and also 14 Slim Select entrees, which also may be cooked in the microwave, box and all. Olson says that Budget Gourmet let the Cajun frozen food trend pass them by, but they just introduced four new Mexican items, two for each of the entree lines.

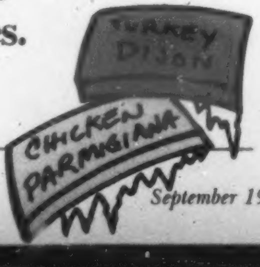
Women are the primary target for Budget Gourmet products, especially for the Slim Selects. More specifically, the target is middle-class women who may or may not be short on time. "Men play an important role, but women do most of the grocery shopping," reasons Olson, who says single men are part of the audience, but they have discretionary income and tend to eat out more than women with responsibilities at home.

The media used to reach the target is varied. "There are not a lot of vehicles we haven't used," says Olson. "We are very small, very flexible and very entrepreneurial. There's nothing we won't dig into," including 15- and 30-second commercials aired on network and spot tv, 60-second radio spots, ROP ads in newspapers, FSIs, consumer and trade magazines.

There also are regional sponsorships and on-pack couponing, such as a joint effort with Coca Cola and also Diet Pepsi Free. Another promotion was for consumers to buy a number of Budget Gourmet packages and get $50 to $100 off the next vacation. There also have been sweepstakes with Diet Pepsi Free and Tab in certain markets and a mail-in offer for lunch bags that keep frozen food frozen.

For the first quarter of this year, LNA reports that Budget Gourmet spent $998,200 on the regular entrees and $1.9 million on the Slim Selects. BAR says that Budget Gourmet advertised, for example, on *She's the Sheriff*, *Divorce Court* and *Benny Hill*. For the first half of 1988, Budget Gourmet advertised in *Good Housekeeping*, *McCall's*, *Ladies' Home Journal* and *People* magazines.

Swanson is going after America's "traditional" frozen-entree consumer with its new Homestyle Recipe Entrees.



SWANSON

As the Swanson aluminum frozen dinner tray finds its place in the Smithsonian Institution, so goes Swanson off in search of new demographic groups to conquer with its microwaveable, plastic-tray-encased Swanson Homestyle Recipe Entrees, introduced in June 1987.

At about the same time the aluminum trays were dropped last year, the entrees made their debut. "Historically," says Daun Kauffman, marketing manager, "entrees were the icing on the cake to the four-compartment dinner business, or we grew them independently." The four-compartment dinners consist of three dinner components and a dessert. Two-compartment entrees came along and then the one compartments last year, which outnumber the two-compartment entrees by two to one. There are currently 11 single-compartment and six two compartment entrees.

Kauffman says that the single-compartment entrees are positioned and marketed to attract traditional entree consumers who are older and live in a $30,000 a year, one- to two-person household with no children. By contrast the four-compartment dinners are geared to lower income, larger households with children.

"We hadn't been competing with entrees in the past, but we've successfully attracted different groups," boasts Kauffman. The biggest competition comes from Stouffer's regular or "red box" entrees, as well as Budget Gourmet. Regarding Swanson's competitors, Kauffman says, "People haven't thought about Swanson as an entree, certainly not in the same frame of reference."

The Homestyle entrees, which are below $2, had been even less expensive, but the new plastic trays are pricey, so a $1.29 entree went up to $1.49. When the Homestyle entrees came out last year, there were three price points. Chicken cacciatore and seafood creole with rice boil-in-bag entrees were more than $2 each, the highest price point, and were designed for image enhancement to "stretch beyond what people think Swanson is," explains Kauffman. However, says Kauffman, boil-in-the-bag entrees are less convenient, so those products have been dropped, though a bag of spaghetti and meatballs remains.

In addition to price points and plastic tray, the outside packaging was revamped on the Homestyle entrees. Now, the fresh ingredients, such as maybe a tomato or another raw component of the entree, are depicted, even nestled, in the corner of the package front. The brand name is placed in an area that gives the subtle hint of a recipe card — hence Homestyle Recipes. The entrees were also improved, says Kauffman. For instance, a veal patty was turned into veal parmigiana with the addition of sauce and cheese. Gravy was added to salisbury steak, which also got a new recipe for its complimentary macaroni and cheese.

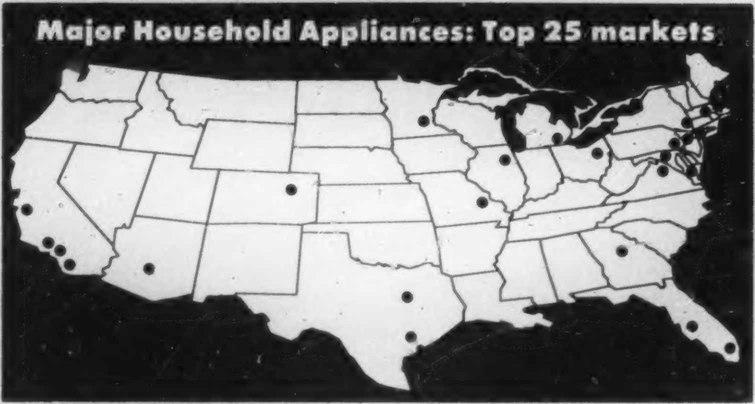
M'mm... MICROWAVES IN MINUTES!
LASAGNA
SWANSON
Homestyle Recipe Entrees

Swanson has nixed aluminum trays for its entrees.

Swanson's 15- and 30-second tv commercials air on network and cable. For the introduction of the entrees last year, a wide mix of media was used, including prime, daytime, sports and news. No radio or magazines are used currently. Local marketing is managed by 21 regional offices that do newspaper advertising, primarily ROP. FSIs are used also. Hal Riney & Partners is the agency.

LNA reports that $1.8 million was spent on ad expenditures for the first quarter of 1988. According to BAR, Swanson Homestyle Recipe entrees were advertised on the Barry Manilow special, *ABC World News*, *Our House*, *227* and *Star Trek-The Next Generation*. On cable, *Celebrity Chefs* and the *Young People's Special* are a sampling of programs. ■

WHAT'S WRONG WITH THIS PICTURE?
(HINT: KANSAS CITY HAS BEEN OVERLOOKED)



Overlooked? We're used to it, even though we're a strong market for big-ticket appliances, overpowering places like San Francisco, Pittsburgh, Seattle, New Orleans and Milwaukee.

Even some major marketers have made the mistake of leaving out Kansas City when they make top 20 or 30 buys. But the ones who have looked closely at national rankings and at the vitality of the Kansas City market know better. They know that among other things, KC is a Top-30 performer in auto sales (#20), drugs and health/beauty products (#24) and food store sales.

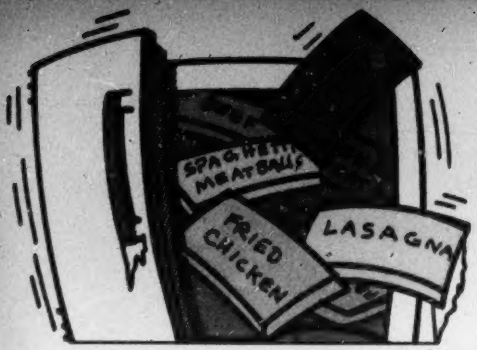
KC also places considerably above the national average in purchases of alcoholic beverages, petroleum products and insurance.

Once you've discovered KC, choosing the most effective ad medium is easy: It's The Star & Times. Our Sunday readership alone (753,000) humbles the competition. Weekdays, we reach two-thirds of households with $50,000+ incomes.

Before you put together your marketing plan, look closely: If you've overlooked Kansas City there's something wrong with that picture. Call our general advertising manager, Jack Hines, at 816-234-4179 today for more on the must-buy KC market.

Sources: SBP '87 and Belden Associates - represented nationally by Creamer, Woodward, O'Mara & Ormsbee Inc.

CHECK THE SOURCE
The Kansas City Star & Times

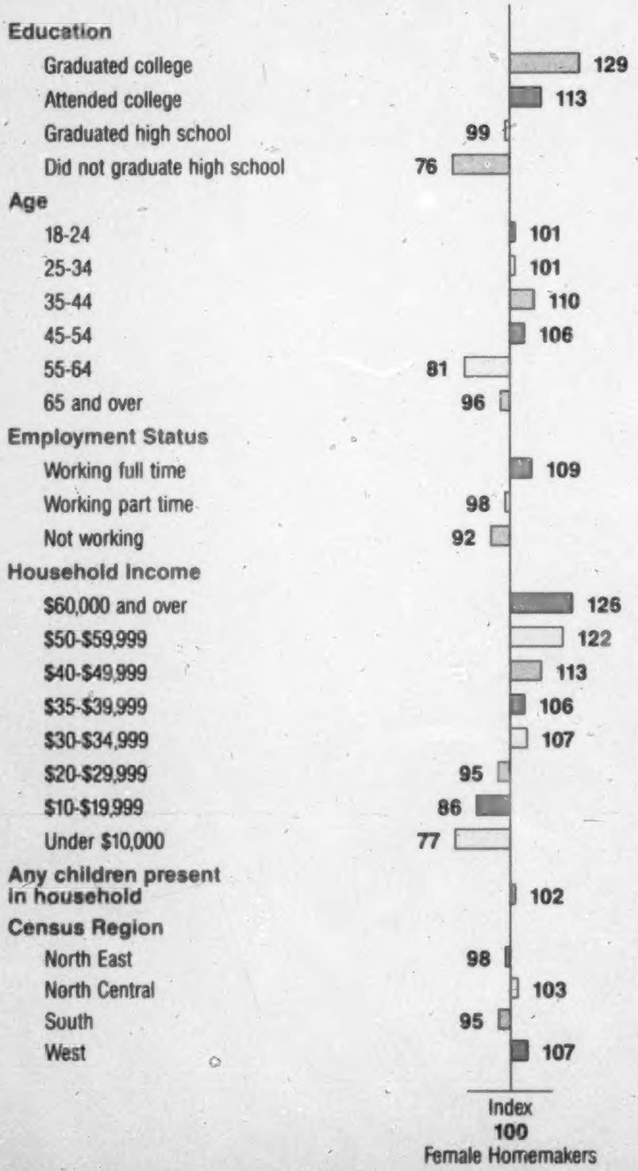


BRAND REPORT INDEX

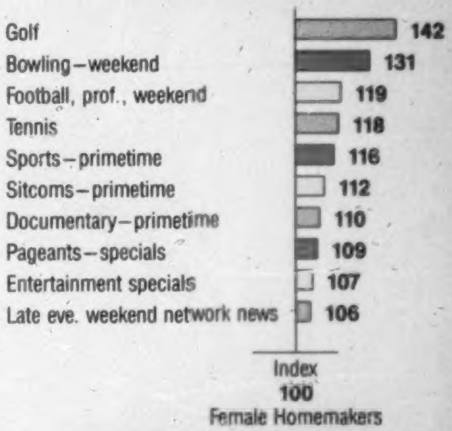
FROZEN ENTREES

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

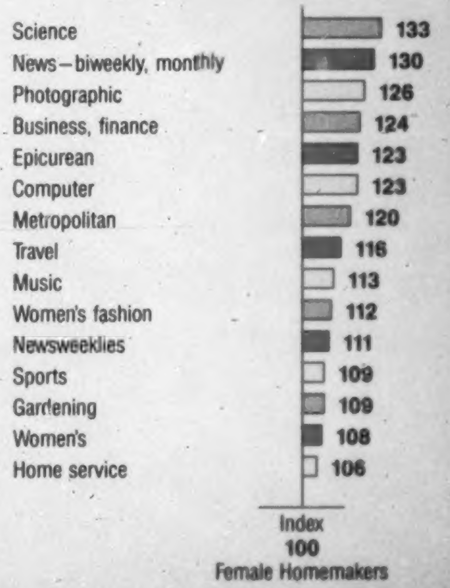
FROZEN MAIN COURSES Key Demographics of Users



FROZEN MAIN COURSES TV Program Types Viewed By Frozen Main Courses Users



FROZEN MAIN COURSES Magazine Types Read By Frozen Main Courses Users



Source: Mediamark Research Inc., Spring 1988

POINT/COUNTERPOINT/

RADIO'S RESEARCH RATINGS

PRIMARY SOURCE: ARBITRON

There is no advertising-supported mass medium that is at once as complex and challenging for the advertiser as radio. When approaching the use of radio on the spot or non-network level, the buyer is faced with an arena consisting of over 10,000 radio stations, over 500 million radio sets (with 28% of these out of home) and advertising expenditures of over $6.5 billion dollars.

As if these numbers are not enough to deal with, advertisers and their agencies ask for radio-audience research in over 250 local markets that will supply data on all stations for at least 15 age/sex categories, a like number of dayparts and daypart combinations, all in average quarter-hour and cumulative numbers. For good measure, throw in things like different geographics, qualitative data, hour-by-hour, cume duplication and monthly trends. By the way, we say, please make it accurate.

In the quest for consistency in media-efficiency negotiations and demographic-target evaluations, either Arbitron or Birch must be designated as the primary research source to be used across all spot-radio markets. And since the basic methodology is so different (Arbitron's personal diary and Birch's telephone interview), hard decisions have been, and will continue to be, made by agencies that represent several advertisers.

Our agency's recent decision to retain Arbitron as the primary radio research service carries added significance since we are the largest spot-radio agency, placing $85 million annually on behalf of a long list of local and retail-oriented advertisers. The results of our evaluation pointed to an Arbitron advantage over Birch in larger sample sizes, a reduced need for market weighting, better trending ability, better cume data and more comprehensive listening-area analyses through county coverage and ADI groupings.

It is apparent that Birch is making an effort to improve their product in many of these areas and indeed provides higher response rates and valuable access to qualitative data. It is our opinion, however, that Arbitron still provides a superior product overall and that a movement by our agency to a new base of radio ratings is currently unwarranted.

One important aspect not always included in the evaluations is the difference between Arbitron and Birch as a day-to-day, hands-on buying tool. After all, spot radio is a very fast-paced medium. Flexibility is part of radio's attractiveness, and lead time is often short. Buyers need to be able to pick up a book, call up a screen or dial up a research-account rep and feel confident that the numbers they get are credible and easy to extrapolate for their needs.

We are fortunate at our agency to have our spot buyers actually located in most major markets and buying regionally for all markets. These buyers know the stations and the markets. They know that radio is more than numbers but that the ratings must serve as a reliable method to evaluate and substantiate buying decisions. In that respect, Arbitron has served us well.

Paula Bolouri is senior vice president/national director, regional buying operation, at Bozell Jacobs Kenyon & Eckhardt, Dallas.

OUR READERS TELL US . . .

Research USA, Chicago, reports that Arbitron is the service of choice for 64.0% of our reader sample of radio buyers and planners, while another 29.6% say they use both Arbitron and Birch's numbers. Only 4.0% use Birch alone. (Base = 125, unless otherwise indicated.)

1. What percentage of your total billings is in radio?

None	5.3%
1-5%	20.5%
6-10%	27.2%
11-15%	10.6%
16-20%	14.4%
21-25%	10.6%
Over 25%	10.6%
No answer	.8%
(Base = 132)	

2. What percentage of your radio billing is spent in network radio?

0%	66.4%
1-9%	4.8%
10-19%	6.4%
20-29%	4.0%
30-39%	.8%
40-49%	1.6%
50-59%	2.4%
60-69%	.8%
70-79%	2.4%
80-89%	2.4%
90-99%	.8%
100%	6.4%
No answer	.8%

3. Are you changing this ratio of spot to network radio next year?

Yes	8%
No	88.8%
No answer	3.2%

If "yes," which will get an increased

PRIMARY SOURCE: BIRCH

The radio industry has received a much needed shot in the arm now that Birch is on the scene.

A major reason for the BDA/BBDO switch to Birch is a belief in the superiority of their methodology. Birch employs a telephone methodology using a pure random-digit-dial frame and a single-day, one-person-per-household interview. The results versus the diary method are a higher degree of participation and a greater geographic and demographic dispersion throughout.

Another reason for our switch is that Birch offers a broader measurement of audiences beyond age/sex breaks. There is the availability of single-source qualitative and product/service usage data in over 100 markets.

Radio is a premier target medium. The vertical-programing nature of radio (the use of formats rather than programs) likens it more to magazines than television. Each station serves a specific audience segment often defined on a highly selective basis. Take the Adult Contemporary format as an example: Current hit-oriented Adult Contemporary tends to deliver audiences that are socio-economically reflective of the overall adult market skewing more upscale.

This statement raises a question: How do we verify that individual formatted stations deliver these audiences?

Working with senior Birch management, we developed an entirely new approach to planning and buying radio, moving from a demographic to product-user orientation.

We use radio extensively to reach the airline traveler. Since we buy to a reach-and-frequency goal, past buys required the use of a broad-based station schedule to make the demographic goal.

Since only about 20% of the population are air travelers, buys made solely on demographics include a large segment of the population that are not potential customers.

Initially, Birch reported airline usage listeners from 6 A.M. - 12 midnight, Monday-Sunday. At our request, this data has been expanded now to a monthly measurement. Daypart data is now issued for each station in measured markets.

This single-source data has allowed the buyer to negotiate efficiencies on airline usage. A lesser number of stations are now needed to meet the campaign goal, resulting in more efficient buys and a savings to our clients.

Birch's innovative measurement techniques are helping to bring radio research in line with research for other media. Qualitative data and, in some instances, product-usage data exist for magazines (Simmons, MRI), newspapers (Scarborough) and television (Nielsen Audience Demographics).

Further development of the qualitative and product-usage data is necessary. Sample sizes must be increased, and station daypart data must be made available, as with the airline data.

If Birch seems a dream come true, in fact it is because it may help to show the unique benefits of radio as an advertising vehicle.

Stephen L. Sussman is the manager of planning, network programing and syndication at agency BDA/BBDO in Atlanta.

share of your radio dollars?

Network radio	50%
Spot radio	40%
No answer	10%
(Base = 10)	

4. Which do you feel is the main motivation for your radio buys?

Qualitative considerations (environment, targeting capabilities, listener attitudes, etc.)	43.2%
Quantitative considerations (reach, cost efficiency, etc.)	46.4%
Both	8%
No answer	2.4%

5. Which type(s) of radio programing do you use? (Check all that apply)

Top 40	76.8%
Talk show	66.4%
Classical	47.2%
Country & western	71.2%
Rock	73.6%
Easy listening	76.0%
All news	65.6%
Other	36.0%
For others:	
Black	4.0%
Appropriate to target area	2.4%
Sports	2.4%
New Age	4.0%
Public	.8%
Urban Contemporary	5.6%
Hispanic/MOR	4.0%
Adult Contemporary	12.0%
Oldies	.8%

6. Which radio-research service do you use in planning your network and spot radio buys?

Birch	4.0%
Arbitron	64.0%
Both Birch and Arbitron	29.6%
Neither	2.4%

ECONOMIC EYE

CABLE IN TOP DMAs

Nielsen's July cable report puts national penetration at 52.8%, but only seven of the top DMAs meet or surpass that: Philadelphia (53.6%); San Francisco/Oakland (56.8%); Boston (61.7%); Tampa/St. Pete/Sarasota (56.5%); Seattle/Tacoma (59.6%); Miami/Ft. Lauderdale (55.1%); and Pittsburgh (65.7%).

MAGAZINE AD SCORECARD	Ad Pages July 1988	% change from July 1987	Dollars spent (000)	% change from July 1987
1. Skin Care, Creams, Lotions and Oils	72.32	−38.3%	$ 2,671.4	−26.4%
2. Lip and Eye Beauty Products	61.42	+116.8	2,720.8	+158.6
3. Scents and Fragrances	22.53	−33.3	600.4	−39.1
4. Facial Makeup Products	24.32	+14.1	907.8	+43.9
5. Prepared Dinners and Entrees (including Pizza)	16.20	−17.1	868.7	−17.2
6. Liquor	268.84	−5.3	12,415.9	+9.3
7. Cigarettes	491.50	−7.9	28,144.1	+2.2
8. Soaps and Detergents	37.87	−45.5	2,045.4	−49.8
9. Passenger Cars, Domestic	227.11	+1.4	11,395.7	+17.5
10. Passenger Cars, Imported	445.66	−10.2	21,106.6	+14.0

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100	1987						1988									
	Oct.	% change	Nov.	% change	Dec.	% change	Jan.		Feb.		March		April		May	
Network TV																
Daytime	97	−6	91	−8	82	−4	92		80		82		78		76	
Nighttime	110	+6	115	+8	111	+2	112		148		113		99		110	
Spot TV																
Prime time	123	+3	123	+6	123	+6	128		130		115		125		126	
Daytime	112	+2	113	+2	105	±0	123		108		98		95		103	
Network radio	122	+6	112	+6	106	+6	147		129		121		116		116	
Spot radio			112	+9					106						101	
Consumer magazines	109	+3	111	+4	113	+5	114		115		115		115		115	
Natl. Sunday mags	106	+12	106	+12	106	+12	117		116		116		116		116	
Business publications	112	+5	113	+5	113	+5	117		117		117		117		117	
Newspapers	115	+6	115	+6	116	+7	124		124		124		124		124	
Outdoor	118	+12	118	+12	118	+12	123		123		123		123		123	

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

68
c2950-3
10/14/88

MARKETING & MEDIA DECISIONS

OCTOBER 1988 • $4.00

SOB
MY BOSS DOESN'T UNDERSTAND ME, MY CLIENTS DON'T UNDERSTAND ME -- EVEN THE MEDIA REPS DON'T UNDERSTAND ME. WHY?!

****************** 5-DIGIT 20814
0711 00161861 41 93 000000 B104
GREG CHRIS B001
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800 **
BETHSEDA MD 20814

DO MEDIA PLANNERS KNOW WHAT THEY'RE DOING?

The Real Story

page 36

SPECIAL REPORT: MARKETING AND MEDIA RESEARCH

MARKETING & MEDIA
DECISIONS

COVER STORY

PLANNERS: THE REAL STORY 36

Perception: Planners are inexperienced, unsophisticated and just not up to the job of allocating millions of ad dollars. Reality: They're getting a bad rap.

FEATURES

BRrrr-AVE NEW WORLD 45

Grocers' refrigerated cases are overflowing with fresh new products from a variety of food-product marketers. They've got a nice profit margin and they're building a market. What they don't have is shelf life.

SONS OF SAMURAI 51

Without so much as a look over their shoulder, Suzuki is rolling out two new models this fall to join its beleaguered Samurai.

BIG BRANDS, SMALL BOOKS 54

A truly trendy group of advertisers is finding that small-circulation magazines aimed at the urban hip can give a big boost to a traditional media plan.

SPECIAL REPORT

THE RESEARCH AGE 63

New technologies and new points of view are leading to the marriage of marketing and media research. The result: the best understanding to date of what motivates the consumer — if you can manage the flood of numbers.

FACTS FIRST 64

The bundling of databases creates new worlds that marketers and agencies are only beginning to understand.

WHAT EXISTS, WHAT'S AHEAD 69

Medium by medium, here's a guide to existing research options, with examples of how they are hooking up with marketing research efforts. If it all seems overwhelming, a sidebar, page 76, introduces the expert computer to help find the answers.

A USER'S TALE 78

Campbell Soup's marketing and media departments are working together to decipher the potential of single-source data. So far, so perilous.

BRAND REPORT 156:
WRISTWATCHES 117

The hands have it over digital, and style above all drives the purchase decisions for these take-along tick tocks. Brand Report Index, pg. 138.

DEPARTMENTS

PRO FILES 4

Bill Grimes hopes to translate his ESPN experience into Hispanic-market achievements for Univision, and Walter Flynn, a net vet, now sings the praise of public and independent tv.

DEBUT 8

The founders of *Food & Wine* are now talking to the trade with the high-style *Food Arts*.

DIRECT MARKETING 14

Hispanics outperform the nation as a whole is their use of coupons. Also, more notes on the alternative-delivery meeting of minds.

PRINT BEAT 17

New kids of school publishing . . . *Modern Maturity*'s growth . . . Paper prices . . . AmEx buy.

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Carnival Cruises scored yet another victory in their presentation to *Decisions*' guests.

FREEZE FRAME 28

What the Cabletelevision Advertising Bureau did for national cable planning, they've now done for local planning via PC software.

CREATIVE CONCEPTS 32

The pause that refreshes, in this case, is one which interrupts a commercial message and then allows it to continue in another ad unit.

TOOLS OF THE TRADE 136

New services are breaking through to offer new ways to buy remnant ad time.

POINT/COUNTERPOINT/POLL 140

How narrow is too narrow? Special campaigns for special markets are debated, and advertisers outline their efforts to address market subsegments.

October 1988, Vol. 23, No. 10

Cover illustration
by Gary Hallgren

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BROADCAST BEAT 143

One-stop repping . . . Radar numbers up . . . MTV is BMOC (big medium on campus).

ON THE DOCKET 145

A new political action committee of individuals hopes to succeed where associations have failed and protect advertising interests on the Hill.

SALES PROMOTION 148

As research takes on a new significance, pre-testing and evaluation are brought up to date.

BOOKS, ETC. 154

The Misfortune 500 offers some laughs, some groans — and maybe some warnings, though you're on your own to figure them out.

ECONOMIC EYE 156

Nielsen numbers on network sports coverage, plus our magazine category scorecard and Media Cost Index.

LAST WORD 160

Isn't it about time that we had some practicing businesspeople on the Federal Trade Commission?

AS THEY SEE IT

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A closer look at what's hot and what's not underscores one great truth: Nothing is forever.

TELEVISION *Michael Gross* 94

If you want your spots to be seen, you had better find a way to deal with remote control.

MAGAZINES *Karen Ritchie* 97

Lintas:USA has a plan to apply broadcast negotiating techniques to print without sacrificing quality.

RADIO *Dennis McGuire* 100

Here's a project to test young planners' perceptions and abilities in planning spot radio buys.

PLANNING *Mike Walsh* 104

The role of the media strategist is redefined in light of recent advances.

VIDEO *William Weiner* 106

Everything you wanted to know about VCR penetration, and what it means to advertisers.

RESEARCH *Stephen Phelps* 112

A cautionary discourse on moving from program to commercial ratings.

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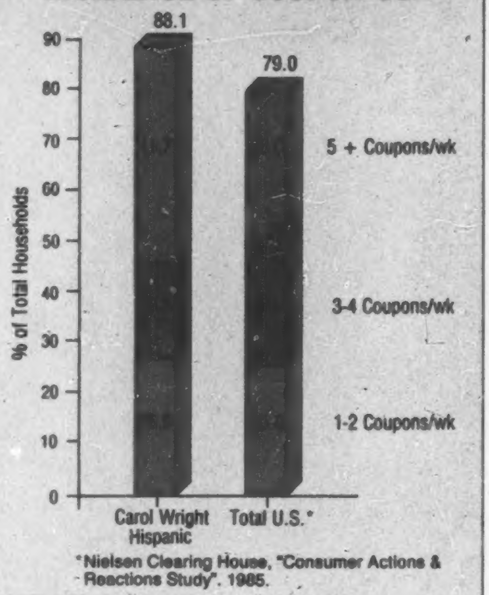
DIRECT MARKETING

by Rebecca Fannin

A CRAVING FOR COUPONS

In spite of widening media coverage of ways to reach the growing Hispanic market, the myth still prevails that Hispanics don't use coupons, or that when they do use coupons, it is only at neighborhood bodegas. So says Donnelley Marketing, which sells the Carol Wright Hispanic mail program and has recently completed a study showing Hispanics are indeed enthusiastic redeemers of coupons.

INCIDENCE OF COUPON USE



*Nielsen Clearing House, "Consumer Actions & Reactions Study". 1985.

Source: Donneley Marketing, Stamford, CT 06904

"Eighty-eight percent of Carol Wright Hispanic recipients use coupons, compared to 79% for our general population mailing," says Anthony Mercado, director of the program. "What's more, 84% use the coupons in supermarkets and 28% in drug stores."

Other findings include:

- More than 40% redeem five or more coupons each week. That compares with 25% of the total U.S.
- More than half (53%) of the Carol Wright Hispanic households use coupons at least once a week.
- Nearly half (47%) of the households state they are using more coupons this year than a year ago. Only 8% say they are using less.
- An overwhelming majority (87%) of the mailing recipients favor being on the postal list and wish to continue to receive future ensembles.
- 80% of the recipients recalled receiving the package and of those who recalled, almost 90% opened the envelope and went through its contents.

Donnelley further points out that the Hispanic market is growing six times faster than the general population and that by 1990, it will number 25 million. The Hispanic homemaker reportedly has a median household income of $23,200, and 79% have a family size of three or more persons. In addition, over 49% attended college and 26% graduated college.

ON BYPASSING THE POST OFFICE

It was a standing-room-only crowd that gathered for the first Alternative Delivery Symposium in New York City. This meeting of second- and third-class mailers (*not* obstetricians) was abuzz with talk of ways of bypassing the U.S. Postal Service and figuring out ways to encourage the USPS to control costs and improve efficiency.

Jonah Gitlitz, president of the Direct Marketing Assn., told mailers to examine the options available within private express statutes such as the exemptions for 24-page and larger catalogs as well as saturation mail. He also cited changes in the postal monopoly statues in several countries, which could serve as models for change in the USPS statutes. Gitlitz noted that Canada is now allowing advertising mail to be privately delivered and that New Zealand has privatized its postal office. The postal service there, he said, has been freed to compete in other business areas, such as printing and database management.

From the magazine front, Reginald Brack, Jr., president and CEO of Time Inc. suggested that USPS should offer contract rates to large mailers as is done in Europe. He recommended that mailers guarantee the postal service a specific volume in second, third and fourth class for a period of years.

While the session was meant to encourage a spirit of cooperation to work together to lower postal rates, the actuality is that tests to find ways to get around the hefty hike this year have been few and far between. The Quill Corp. has been running an experiment with private delivery in the Chicago area through United Delivery Systems, but the test is not yet finished.

Meanwhile, another option has emerged. Two of the Baby Bells, Nynex Corp. and Bell South Corp., are offering to deliver product samples, coupons, brochures and other promotional material with phone books in sealed plastic bags. The idea is a novel one in that it would offer coverage of a market while cutting direct mailers' costs as well as the phone company's own distribution bills. So far, however, there are no subscribers.

Nynex will test the system next year in Albany, N.Y., Worcester, Mass., Springfield, Mass., and Syracuse, N.Y. BellSouth's test will run next year in Daytona, Fla., as well as Pensacola.

BRAND REPORT

No. 156: Wristwatches

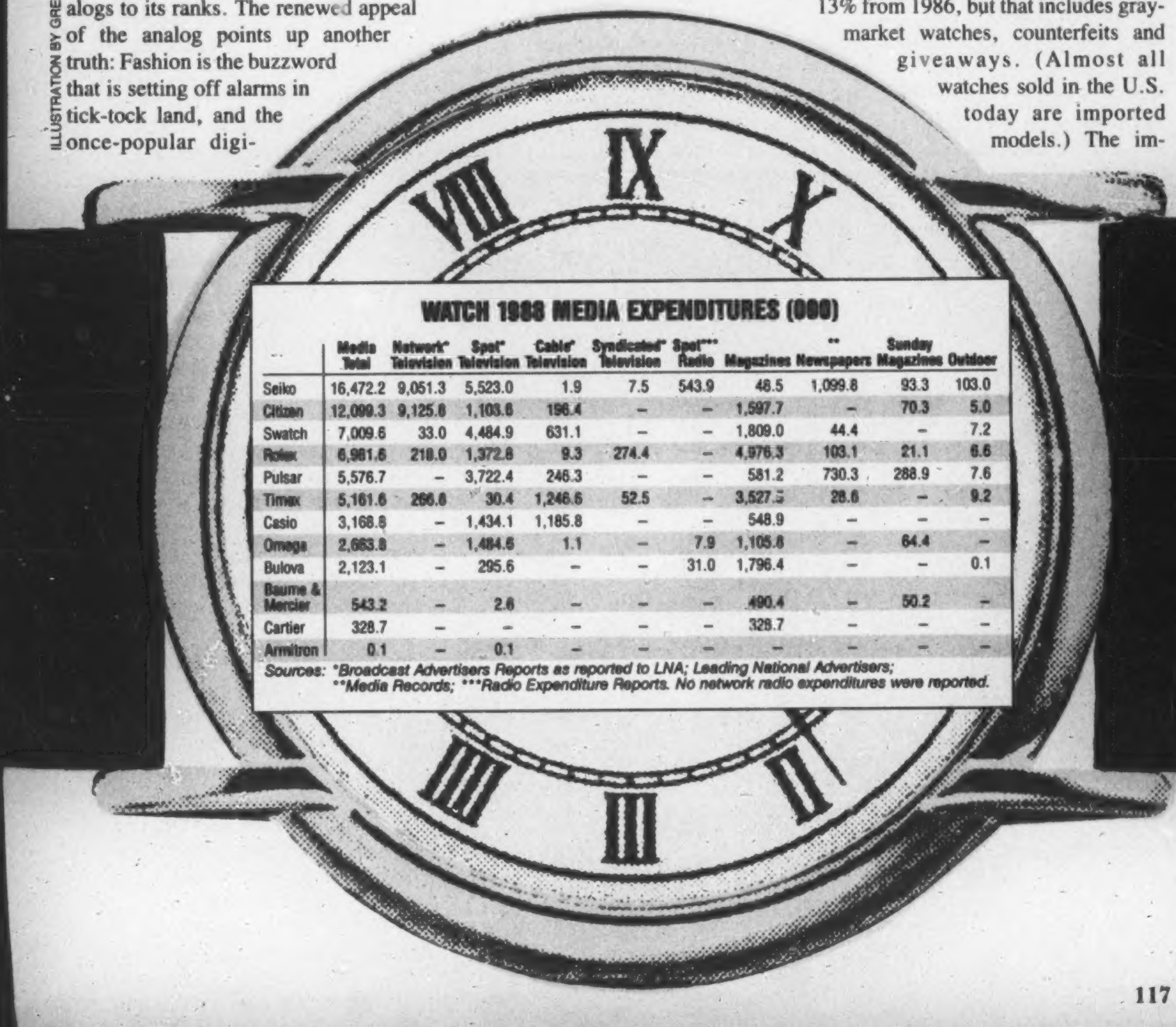
TICK TOCK

by Paula Schnorbus

There are two indisputable elements in the watch business. One is that the dial-faced analog watch is clocking out electronic display digitals with the old one-two punch, causing even Casio to add analogs to its ranks. The renewed appeal of the analog points up another truth: Fashion is the buzzword that is setting off alarms in tick-tock land, and the once-popular digitals just don't make it in the fashion-flair category.

It comes as no surprise that Hong Kong, a giant digital-watch maker, which exports the most digitals at about $1 a piece, is increasing its output of analogs, whose export price is 10 times as high, according to *Modern Jeweler*. Overall watch sales figures in the U.S. aren't available, but total U.S. watch imports were up last year, as tracked by the U.S. Commerce Department and reported by the American Watch Association. The association says that imports totalled 191.7 million units, up 13% from 1986, but that includes gray-market watches, counterfeits and giveaways. (Almost all watches sold in the U.S. today are imported models.) The im-

ILLUSTRATION BY GREG RADICH



WATCH 1988 MEDIA EXPENDITURES (000)

	Media Total	Network* Television	Spot* Television	Cable* Television	Syndicated* Television	Spot*** Radio	Magazines	** Newspapers	Sunday Magazines	Outdoor
Seiko	16,472.2	9,051.3	5,523.0	1.9	7.5	543.9	48.5	1,099.8	93.3	103.0
Citizen	12,099.3	9,125.8	1,103.6	196.4	–	–	1,597.7	–	70.3	5.0
Swatch	7,009.6	33.0	4,484.9	631.1	–	–	1,809.0	44.4	–	7.2
Rolex	6,981.6	218.0	1,372.8	9.3	274.4	–	4,976.3	103.1	21.1	6.6
Pulsar	5,576.7	–	3,722.4	246.3	–	–	581.2	730.3	288.9	7.6
Timex	5,161.6	266.8	30.4	1,246.6	52.5	–	3,527.5	28.6	–	9.2
Casio	3,168.8	–	1,434.1	1,185.8	–	–	548.9	–	–	–
Omega	2,663.8	–	1,484.6	1.1	–	7.9	1,105.8	–	64.4	–
Bulova	2,123.1	–	295.6	–	–	31.0	1,796.4	–	–	0.1
Baume & Mercier	543.2	–	2.6	–	–	–	490.4	–	50.2	–
Cartier	328.7	–	–	–	–	–	328.7	–	–	–
Armitron	0.1	–	0.1	–	–	–	–	–	–	–

*Sources: *Broadcast Advertisers Reports as reported to LNA; Leading National Advertisers; **Media Records; ***Radio Expenditure Reports. No network radio expenditures were reported.*

port value rose almost 11% to nearly $1.3 billion.

Watch marketers like to tell us that retail sales are up because watches have become lifestyle statements rather than functional necessities. Certainly, companies are spending millions to promote the idea of owning numerous watch styles. The sales figures remain a mystery, though, because many watch companies are private or don't break out individual brand sales. But as one skeptical jewelry trade magazine editor puts it, "The U.S. watch market is probably a mature one. It's only expanding with the population."

Still, time has certainly been flying in the watch business. It was just 21 years ago that quartz was introduced into watch workings by the Swiss and quickly perfected by the Japanese. Quartz watches, which just need a battery to run, kicked the hand-wound mechanicals by the wayside. Then digital watches, which flash the time in numerals, displaced the dial and time-telling hands of the traditional analog models. Then lo and behold — Swatch came along in 1983 and turned the business upside down. Not only did the hands of time regain popularity — Swatch watches are all battery-operated analogs — but so did multi-colors and multi-ownership. Wearing several simultaneously became hip.

In five years, the Swatch watch that debuted at $19.95 has sent the industry scrambling. Fashion is what now makes the watch biz go and even Timex, which "takes a lickin' and keeps on tickin'," has swapped durability for design as its number-one priority.

Meanwhile, top-of-the-line luxe models have altered their marketing strategies to woo yuppie types into jewelry stores. Baume & Mercier, for example, has come out with less expensive watches, meaning $2,000 to $4,000 as opposed to $5,000 to $10,000. Cartier may call advertising an "accessory," but lately it has even bought space in *Elle*. North American Watch Co., distributor of luxury brands such as Piaget and Concord, now also markets Movado, which has a lower-priced line for status-seeking baby-boomers. And on the other wrist, mid-priced Citizen has moved upscale with its "Noblia" collection.

Watch faces now have more subdials than a submarine to greatly expand a watch's time-telling function. Want high fashion? Get high technology.

So take a look at your wristwatch. Is it a status symbol? Is it a fashion accessory? Is it a lifestyle statement? Can it be — just a wristwatch? Yes! It can be all that and more, say marketers.

The latest fashion trend is the retro, or antique, look. This may mean a simple analog with Arabic numbers on the dial and a honey-colored leather strap. It can also mean that there are more subdials than a submarine's control panel. You want high fashion? Get high technology. In an abbreviated list, there are moon phase indicators, tachymeters, stopwatches, alarms, day-and-date subdials and dials to tell the time around the world. This is just on an analog watch. Casio likes to think of its digital watches as minicomputers. They boast data banks, calculators, auto telephone dialing and currency conversion. As many bells and whistles on one watch as a manufacturer can muster may be the ultimate, but that may not be what the masses will ante up for. Indeed, according to Mediamark Research Inc.'s spring 1988 data, most watch buyers are 18-to-34-year-old, single, with a little above average income and they spend under $50 on a timepiece.

In that category, Hong Kong digitals for a couple of bucks are big, but Timex still leads the way. Swatch may have been the industry catalyst, even getting Timex to come out with a "Watercolors" collection, but the Swiss-based concern has had its share of man-

Pack of Lies.

EVERY QUITTER IS A WINNER.

The Great American Smokeout. Nov. 17.

AMERICAN CANCER SOCIETY

agement problems. The company recently brought back Max Imgruth, its former president, as head of worldwide marketing and Steve Rechtenshaffner as vice president of advertising and promotion.

Actually, digitals aren't totally dead yet, but they have been relegated to a sports-watch niche. Coming up is a battery-less watch, brought to you by Seiko, among others. And believe it or not, hand-wound watches may be making a comeback, however slight, with the revival of antique watches.

Packaged Facts Inc., a New York-based research company, reported last year that the wristwatch market is divided into three segments. There are the mass market models, which list for under $75 at retail. This is where the real action is. These timepieces rack up a whopping 72% of the market. The mid-market segment spans from a $75 to $300 ticket and holds 22% of the market's business. Luxury watches, defined as costing over $300, make up a mere 6% of the market.

In mass-market sales, Timex had an approximate 40% market share; Casio and Swatch were both estimated at 10% to 15%; and Gluck, which makes Armitron, had a 10% share.

Mid- and luxury-price market shares are often lumped together by company rather than brands within the company. Industry experts believe, however, that Seiko and Pulsar, both part of Hattori Seiko, as well as Citizen and Bulova are the mid-price mainstays. Luxury leaders are Rolex, Baume & Mercier, Cartier and Omega.

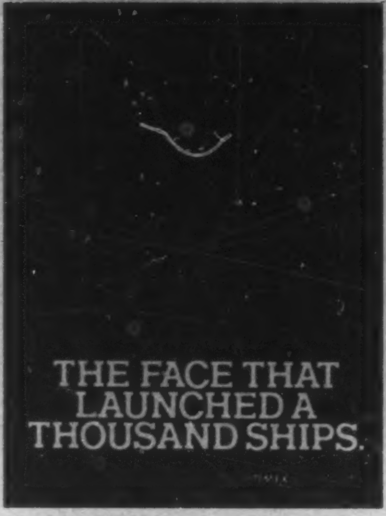
MASS MARKET

Timex

The watch that "takes a lickin' and keeps on tickin' " is now fashion conscious. Design is Timex's "number-one priority," as the push is on to capture the watch-as-fashion-accessory market. In new tv spots, Timex even spoofs the old John Cameron Swayze torture-test commercials.

Swatch's style spurred Timex to issue fashion collections such as "Watercolors" for teenage girls. There is the fancier "Doubles" collection, women's watches with straps that wrap around the wrist twice, which Timex hopes to hawk through upscale retailers. There are also digital sport watches for everything from sail racing to skiing. There are, in fact, some 250 watches with the Timex name, and 15% are digital.

Dave Rahilly, vice president of U.S. marketing and sales, recalls, "I came to Timex in 1977 to a newly established marketing department. They were debating a year after my arrival about a black plastic watch by Casio which was a success in the U.S. market. Obviously there was a segment there and an enormous opportunity that was foregone by Timex."

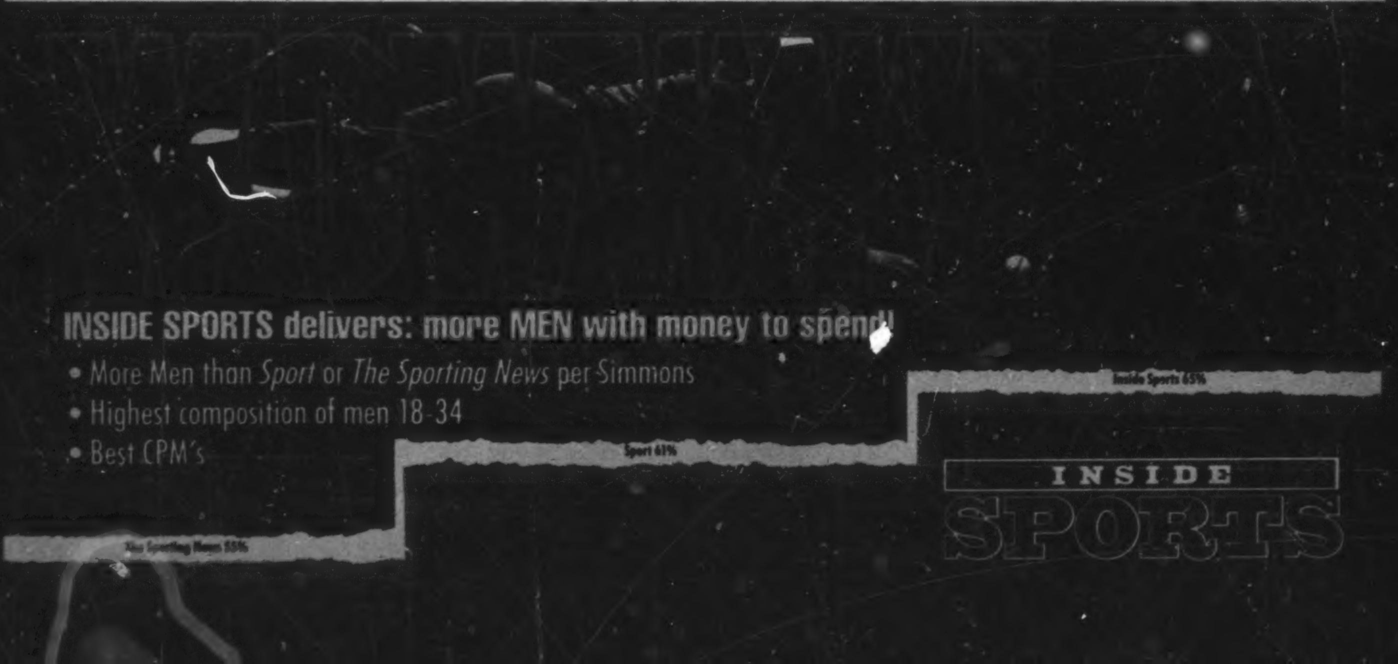

THE FACE THAT LAUNCHED A THOUSAND SHIPS.
TIMEX

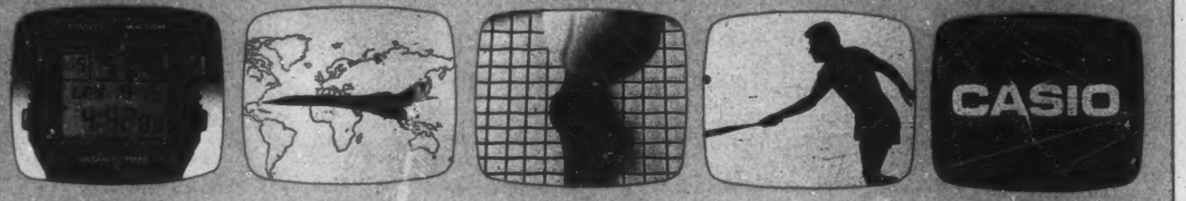
Design is Timex's first priority.

In 1982, says Rahilly, Timex started the introduction of "unique products" such as the sport watches. "There was some catch-up but also some go-ahead pieces such as the Victory yachting watch, which has a special countdown timing feature," boasts Rahilly. That watch is $75, but the line's price range is generally between $9.95 and $69.95. By 1983, Swatch was on the horizon with its revolutionary positioning, and Timex eventually trotted out its own fashion-hued collection.

Timex is sold primarily by mass merchandisers, catalog showrooms, drugstores and, to a lesser extent, department stores. With the new sport watches, specialty stores will become another option, such as ski shops for the Skiathlon.

Tv had always been the main medium, but with Timex watches growing more complex, 50% of the media budget has been in print for the past few years. The schedule is varied and includes *Popular Science*, *Omni*, *GQ*, *Glamour* and *Sail*. For the past three years, 800-numbers have appeared in ads to provide store information to cus-


INSIDE SPORTS delivers: more MEN with money to spend!
- More Men than *Sport* or *The Sporting News* per Simmons
- Highest composition of men 18-34
- Best CPM's



Casio wristwatches boast world time and telephone dialing.

tomers and also customer information to Timex.

There are three 30-second tv spots that feature some of the better watches. The spots will appear on cable and prime time mostly during this fourth quarter, which is when Timex does most of its business and subsequently spends most of its advertising budget. The dollars have increased 10% this year, according to Rahilly, who says historically the budget has been $15 million to $20 million. Fallon McElligott is the agency.

Casio

With analog watches ruling the market, Casio has been expanding its collection to include watch faces other than digital. But that doesn't mean digitals are leaving Casio's line of more than 100 watches. Says company spokesperson, Gary E. Johnson, "Analogs will give people a choice."

Casio's target is primarily high-technology-oriented males and sportspeople. Prices range from as low as $6.95 to $150.

The media mix includes a 30- and 60-second tv commercials, appearing on cable stations such as ESPN, Lifetime and CNN and also spot tv. It targets mostly 18- to 34-year-old men and as more of an afterthought, women.

Three print ads are in books such as *Self, Runners World, Walking, Outside, Penthouse, Travel & Leisure, Inc.* and in-flight airline magazines.

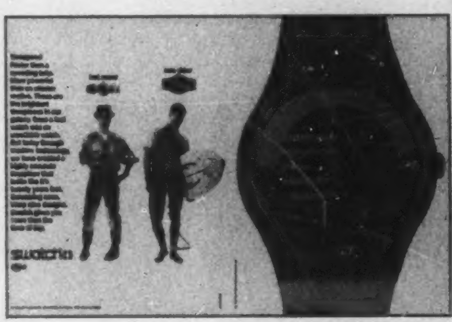
Casio sponsors the Olympic Regional Development Authority and "tons and tons" of fun runs, races and marathons. Casio is also the official timekeeper for the New York Yankees.

Johnson says Casio's overall advertising budget is about $12 million. Doremus & Co. is the agency.

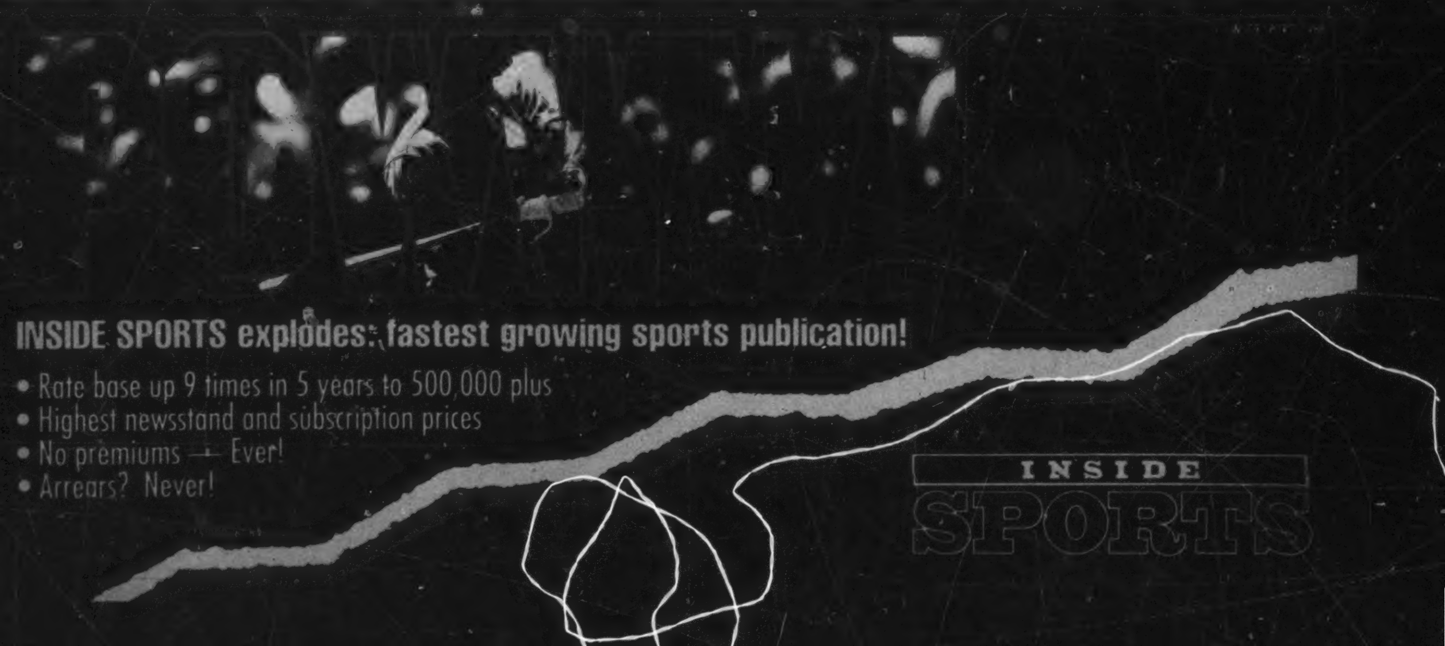
Swatch

The company that set off the alarms in the industry, signaling the coming of fun fashion watches, was actually founded on a technological concept. Swatch, says its makers, has fewer parts than a standard watch and they are welded together.

Swatch watches, which often look like anything but timepieces with their multicolored bands and dials, all have themes, such as "Love Field," which recalls early civil aviation. Steve Rechtenshaffner, who just returned to Swatch as its vice president of advertising and promotion, claims that Swatches target more of a psychographic than a demographic. ("My cat wears one, actually two . . . My grandmother likes the Pop Swatch because it is easier to tell the time.") Rechtenshaffner, who left the company because he thought it was becoming too traditional, says Swatch wearers live



Swatch watches turned the industry counterclockwise.


INSIDE SPORTS explodes: fastest growing sports publication!
- Rate base up 9 times in 5 years to 500,000 plus
- Highest newsstand and subscription prices
- No premiums — Ever!
- Arrears? Never!

INSIDE SPORTS

life to the fullest.

Swatch, which coined the concept of multi-watch buying and wearing, has about 246 styles currently, all analog. The company sold them for $19.95 in their debut year of 1983. Five years later, most of the watches carry a $35 tag.

Swatch has been known to set up its own separate counters in department stores and specialty stores. You won't find this mass market watch in a drugstore or at a mass merchandiser.

Advertising and marketing is done in-house, and Rechtenshaffner will only say that Swatch spends more than $10 million yearly. He also says their media plan reflects that the company is spending more on fewer vehicles. There are three 30-second tv spots running and eight print ads. The commercials are on MTV and Nickelodeon and also in spot tv. Ads appear in *Seventeen, Elle, Vanity Fair, Premiere* and *Rolling Stone*. Vertical publications include skateboard and snowboard publications.

Armitron

If Casio keeps time for the Yankees, Armitron does it for the New York Mets. And Mets catcher Gary Carter pitches Armitron All-Sport watches.

The Strongest Lineup in the Business!
Armitron
ALL-SPORT

The Mets' Gary Carter pitches Armitron watches.

Owned by E. Gluck Corp., Armitron markets a myriad collection, ranging from prices of under $10 for a kid's watch to $225 for a grown-up's diamond watch. There also is a Swatch knock-off called Awatch.

Armitron's advertising is extensively co-operative. If they want to reach the young, female, fashion-conscious market, full-page ads with J.C. Penney, for example, will appear in *Seventeen*. Children's watches will be advertised on a co-operative basis at Christmas. The All-Sport is advertised in *Sports Illustrated, People, GQ* and *Money*. There will also be 30- and 60-second radio spots.

Armitron's advertising is mainly done in-house. The ad budget is from $3 million to $5 million a year. The company doesn't advertise on tv per se, but does do promotional considerations on tv with specific products. "It's an open [media budget] because it's so dominated by the co-operative approach," says Dikowitz. "If we feel we need it, we spend it."

MID-PRICE

Seiko

Seiko, which rules the mid-price range, came up with a new marketing tool two years ago to define its style. Four collections were developed to segment Seiko's 450 watches. The collections are divided into jewelry, status/sport ("a little more macho"), gentry ("for gentrified") and boardroom, according to Hal Wilensky, executive vice president of Seiko Time Corp. "Lifestyles have become very important," he explains.

Calling it a "mass class" brand, Wilensky says Seiko reaches just about all demographics. The average retail price is $210, but the range for a watch

INSIDE SPORTS scores: editorial that gives men the Inside story!

- Focus on the Big 5 sports
- Humor with THE GOOD DOCTOR
- Creative stats in NUMBERS
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Get the Inside story today!
Call your INSIDE SPORTS rep or
Jerry L. Croft (312) 491 6440

INSIDE
SPORTS

is from $75 to $450.

Each of the four collections gets its own creative. However, a 60-second tv commercial, Seiko's first with the longer length, merges all four in a lifestyle execution. There are also two :30s. The spots will run through Christmas. Network tv will be used with *60 Minutes*, the World Series and *The Cosby Show*, and those on spot tv will have taglines for retailer identification.

Radio is used on a co-op basis with retailers. Seiko is sold through jewelry and department stores and catalog showrooms. A generic ad runs in magazines such as the *New Yorker*, *Vanity Fair*, *Elle* and *Playbill*.

With newspapers, there is a scatter plan where selected customers may run five ads in the same newspaper. For example, the first section of the paper may have an ad for the boardroom collection, the sports pages may have the status/sport watches and the business section may have another boardroom ad. There is also a 10% discount program for retailers. AC&R/DHB & Bess is the agency. About $25 million is spent on advertising, says Wilensky.

NOBLIA
NOBLIA
CITIZEN

"Hanimals" hawk Citizen's upscale Noblia watches.

Citizen

This mid-priced watch company has been trying to move uptown with its Noblia collection, priced from $195 up to nearly $1,000. Noblia has come roaring in with its "Hanimal" advertising campaign by Lintas. The distinctive ads feature the wristwatches as animal collars on hands painted to resemble panthers, alligators and race horses. The ads run in high-fashion magazines.

There are also outdoor ads, including one billboard of an 80-foot zebra. In addition to the Hanimals, the Noblia-Spirit line will get a new 30-second tv spot and print campaign. The watches are pitched to those 25 and older with an annual household income of $40,000 and over.

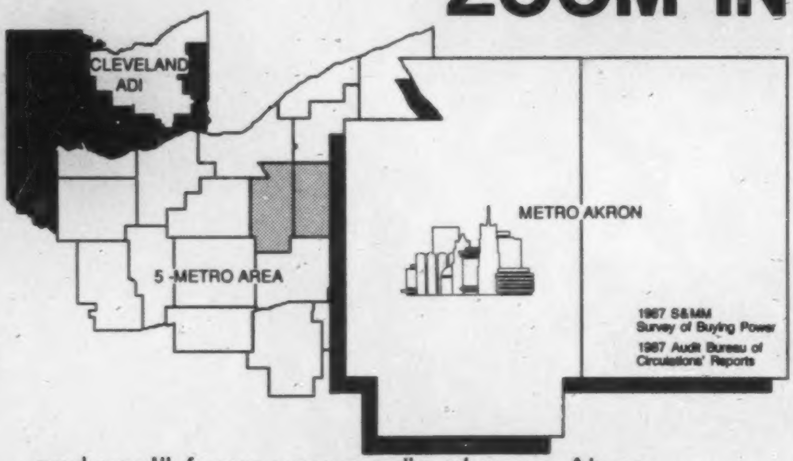
Laurence R. Grunstein, president of Citizen Watch Co. of America, says there are three product lines to go after the different demographic and psychographic markets. The basic $59-to-$195 Citizen is for middle America; the $100-to-$195 Elegance line "has the look of being much more expensive for people who can't afford the real thing"; and the more uptown Noblia goes after "the 5% of the American population that can afford a watch in that price range."

Citizen watches are supported by a $26 million ad campaign, $6 million of which goes into Noblia. All three watch collections are sponsors of ABC's *Monday Night Football*, *NFL on CBS* and *AFC on NBC*. Citizen and Citizen Elegance are appearing on evening news shows on all three networks.

Citizen Elegance has its own 30-second commercial by Levine, Huntley, Schmidt & Beaver.

But it's not just advertising at Citizen. The company gave away 10 Su-

ZOOM IN


CLEVELAND ADI
METRO AKRON
5 -METRO AREA
1987 S&MM Survey of Buying Power
1987 Audit Bureau of Circulations' Reports

...and you'll focus your media plan on Akron.

If you take a closer look at the Cleveland ADI, you'll discover 66% of the region's population exists in only **two** of the ADI's five metropolitan areas...Cleveland and Akron.

Although Cleveland-based stations account for most of broadcasts' share in Akron, print advertising in the Plain Dealer misses nine in 10 adults in the Akron metro.

Adding the Akron Beacon Journal to your Cleveland advertising plan will help your message reach nearly half a million more adult consumers!

If you have existing or potential customers in the greater Cleveland area, the Akron Beacon Journal will put *zoom* in your media plan.

Represented nationally by
Knight-Ridder Newspaper Sales

Akron Beacon Journal
1987 Pulitzer Prize-winner for General Reporting
44 East Exchange Street, Akron, Ohio 44328 (216) 375-8570

baru cars (also a LHS&B client) in a joint promotion with the May Co. recently. There is also some business with the Sharper Image catalog, but "we have to be careful with direct marketing so there isn't direct competition with retailers," warns Grunstein.

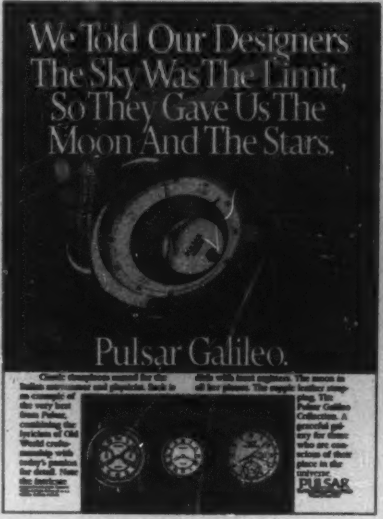
Pulsar

Pulsar "tosses the net far and wide" to attract "as many people as we possibly can," says Jonathan Nettelfield, senior general manager, advertising, for Pulsar Time. The demographic is broad, targeting 25-to-49 year olds with annual incomes of $30,000 and above.

Galileo is Pulsar's premier collection, with the "moondials and subwheels that are really a fashion look," says Nettelfield. Pulsar, which has 450 models, starts at $50 for a digital or a very basic analog watch and goes up to about $225 for one with diamonds. The watches are sold in jewelry and department stores as well as jewelry chains and some catalog showrooms.

The Pulsar collections aren't advertised separately, however. "We need to push the Pulsar name," says Nettelfield. "We will use fashion collections to represent Pulsar, but we won't advertise for the sake of a collection. It would fragment the budget too much." For example, the Galileo collection would be used in print ads that appear in magazines such as *People* and *Newsweek*.

"Our philosophy is to reach the maximum amount of people," tells Nettelfield. "The temptation is to go into fashion books, but we wouldn't be reaching the amount of people we need. He adds that in the past, Pulsar has been in *Vogue*, *Vanity Fair* and *Playboy*. Pulsar also runs an insert in Sunday newspapers.


We Told Our Designers The Sky Was The Limit, So They Gave Us The Moon And The Stars.
Pulsar Galileo.
PULSAR

Galileo, featuring moondials, is Pulsar's premier collection.

Most of the ad dollars go into tv, he says. Pulsar's 30-second tv spot has been in "more upscale feminine programing" like *Cagney & Lacey*, rather than soap operas. There is a concern about quality programing, and Pulsar is seen on news, fringe and prime-access shows. "Even if we don't buy as efficiently, we're concerned about quality," says Nettelfield, who will admit to around $10 million for the overall ad budget.

Bulova

And now it's Bulova watch time, or as it's current tagline goes, "It's America's Time." And as one might expect, that translates into an emotional, tra-

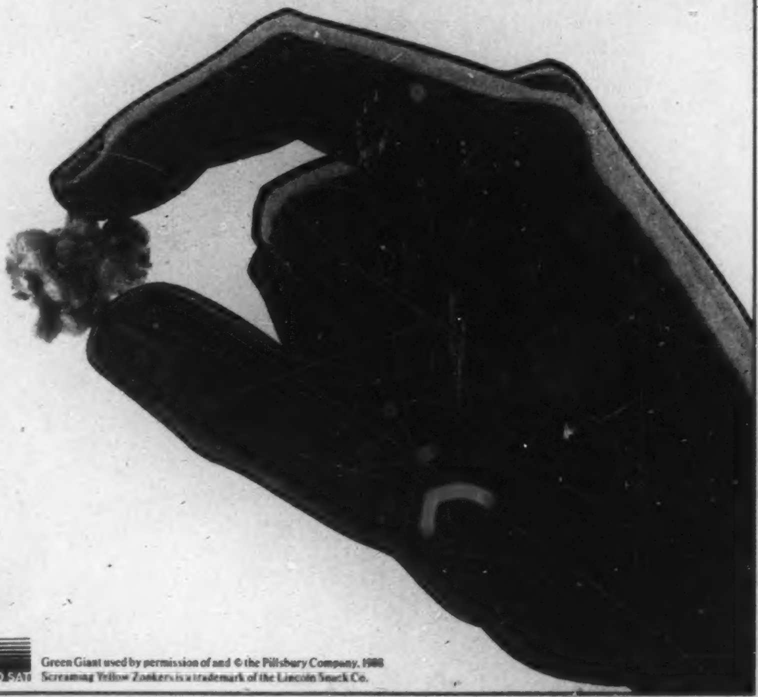
Even a Green Giant and a Yellow Zonker can advertise in Providence.

From soup to nuts, our new flexographic technology can reproduce some of the sharpest color ROP ads in the country. And our household penetration is the best of any newspaper in the total market area.

If you have a buy that's screaming for color, give Bill Peckham a holler at (401) 277-7172.

The Providence Journal-Bulletin

Represented nationally by Cresmer, Woodward, O'Mara & Ormsbee, Inc.



Green Giant used by permission of and © the Pillsbury Company. 1988
Screaming Yellow Zonkers is a trademark of the Lincoln Snack Co.

ditional advertising pitch.

The ads depict a special, nostalgic event taking place in a person's life. Bulova, an official supplier to the Olympic team, had two ads of Olympic gold medalists during the Winter Games. The same approach was used in Seoul for the Summer Olympics.

Bulova print ads are in *Time*, *People* and *Sports Illustrated*, all owned by Time Inc. Other magazines are used through a co-op program with retailers.

Robert Ryan, vice president of marketing, says that the target audience is 18 to 45, but the psychographic is shifting. Bulova's older, blue-collar audience, with its traditional American values, is still intact. However, Bulova is upgrading the image in search of a broader, younger audience by bringing more of a sense of style and design to its watches, explains Ryan.

The majority of Bulova's watches are in the $100-to-$300 price range. There are two 30-second spots running at any given time. To catch the working couple or working single, they appear on early and late news or right after prime and prime access. The commercials run on prime time through occasional spot buys.

Sunday magazines are used as well as *USA Today*. Bulova appears in J.C. Penney and other department store supplements and bill statements.

Ryan puts the ad budget at more than $10 million, including co-op and some of the promotions. McCaffery & Ratner is the agency.

Bulova has an emotional, traditional pitch.

Cynthia Gregory and Rolex: beautifully paired.
ROLEX

Rolex goes after an "attitudinal" demographic.

LUXURY

Rolex

The Rolls Royce of wristwatches, Rolex, gave us the first water-resistant watch in the 1920s and in 1931, the first self-winding watch activated by the "slightest movement of the wrist." Prices range from a little over $1,000 from a simple model to more than six figures for a fully-loaded timekeeper. But William Sullivan, vice president, advertising, Rolex Watch U.S.A., says that while there is "obviously a level of affluence required, I would rather say it's an attitudinal demographic . . . who want to wear a watch that is both durable and has a promised performance."

Rolex makes three lines of watches: Tudor, which has a lower price range, the Cellini line of 18-karat gold watches and the Oyster, Rolex's pressure proof, or water-resistant, watch. Oyster serves as Rolex's sports watch.

Rolex advertises mainly in magazines, including *Inc.*, *Elle*, *The Economist*, *Yachting*, *Arts & Antiques* and the newsweeklies, according to LNA. Personalities such as intellectual, literary, musical or sports figures pitch the products. "The ads stress the quality of the individual and the relevance of the watch to that individual's lifestyle," explains Sullivan. Tv is only used for sponsorships. Rolex is involved in sporting activities, such as golf, tennis, polo and yachting.

Sullivan wouldn't comment on the ad budget, but LNA reports that last year, Rolex Watch Co. spent $6.6 million on advertising.

Baume & Mercier

Baume & Mercier has been trying to reposition itself to the two-income household. Like everyone else, they want to attract 30-to-45 year-old boomers with plenty of disposable income. B&M wants those who are "status oriented," relates Steven Kaiser, director of sales and marketing. But, he admits, "We may have to go after an older audience. Younger people only have so much money to spend on luxury items."

The watch company has three core collections. Riviera, a sport watch line started late in 1986, is the collection designed to appeal to the younger crowd. Price points are from $2,200 to $4,200. The collection for the older generation is the 18-karat, with $5,000 to $10,000 watches. "That one is a good growth area for us," says Kaiser. "Those who got hurt in the October market crash are the $2,000 to $4,000 buyers." A 14-karat line consists of diamond and non-diamond watches that fetch $1,000 to $5,000.

BAUME & MERCIER
GENEVE
Riviera
A Declaration of Independence

Baume & Mercier wants those who are "status-oriented."

Baume & Mercier only advertises its Riviera and 18-karat lines. It strongly believes in image advertising, which can be seen mainly in the fashion books, but also *Architectural Digest*, *Texas Monthly* and *Los Angeles* mag-

Cartier. The Santos Watch
Cartier
THE ART OF BEING UNIQUE
JEWELERS SINCE 1847

Cartier is expanding to a younger audience.

azine to reach other markets. Co-op tv and radio are used, and in rural markets, Baume & Mercier has found that billboards can be very effective. More than $3 million is spent on advertising and promotions.

Cartier

Cartier, which takes credit for inventing the modern wristwatch, also has been expanding its horizons and distributes its products outside of the Cartier boutiques. "More and more people have been developing a taste for luxury," says Thierry Chaunu, vice president, marketing.

The Must Vermeil collection, which debuted in 1968, has the widest distribution of Cartier's 316 watches. There are also historical collections, "high jewelry" watches, the 18-karat Louis Cartier collection, the Pasha watch ("the ultimate watch, very big and extremely complicated"), the Panther, the Santos and the 21, the last three of which are the steel and gold segment.

The Must products are distributed everywhere from duty-free shops to Macy's in New York, where they are currently being test-marketed. The watches start at $895 and are geared to young professionals starting out in life. The 21, Santos and Panther collections also start at $895 but a Panther with a diamond bezel goes for $116,000.

And Cartier's advertising? "It's an accessory," says Chaunu. "Cartier is built more on reputation. Cartier isn't a brand that's developed out of advertising." When ads do appear, they are "always" in *Town & Country* and *Connoisseur*, and now even in *Elle*. "We will not just remain with the pillars of our business but try to expand to a younger audience," explains Chaunu. Ads also are in local newspapers. The ads are done in-house, and Chaunu will only say the ad budget is in the "millions of dollars."

Omega

Omega shot clear to the moon with Neil Armstrong in 1969, and the watch company continues to reach for the stars with its Constellation, Seamaster and Symbole collections.

The company has been concentrating on those three recently as it cuts back on its profusion of brands. Janet Cerutti, Omega's marketing service director, says the strategy is to link with more "brand identifiable products."

The Constellation and the Seamaster each have about 15 designs, and the Symbole, introduced last spring, has two. Prices range from $500 to $2,500, but it is possible to spend $37,000 if one so desires. The watches basically are 18-karat gold and/or stainless steel with a choice of onyx, lapis or mother-of-pearl dials, diamonds and other stones as the price climbs. The Constellation is dressier, while the Seamaster is more recreational. The Symbole's dial designs sport life symbols such as the sun.

Significant Moments
Ω
OMEGA

Omega's ads emphasize achievement and ambition.

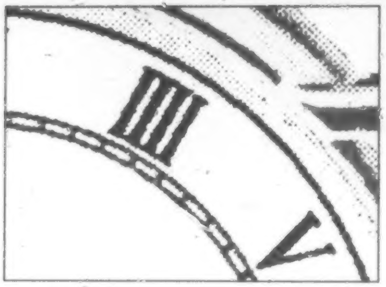
Omega only sells its watches through retail jewelers and a few select department stores, aiming toward 25- to 44-year-old college-educated, business-oriented types with annual income of $55,000 and more. This is clarified in a two-year-old advertising campaign, "Significant Moments," which emphasizes achievement, ambition and perseverance in the lifestyles of professional people.

Calvillo Shevack & Partners is the agency. LNA estimates that Omega spent $2.2 million last year in ad expenditures.

Throughout the prime selling seasons of May to June and November to December, use of cable, prime-time and spot news tv ads have been very successful for Omega, adds Cerutti. The stable, year 'round contribution comes from magazine ads in national publications such as *Vanity Fair*, *Vogue* and *GQ*. Omega also is involved with sports marketing, such as the AT&T tennis challenge. The watch company also has been the official timekeeper of the last 20 Olympic Games. ■

Additional reporting contributed by Cindy Yannaghas.

PUT ABILITY IN DISABILITY
Support Easter Seals

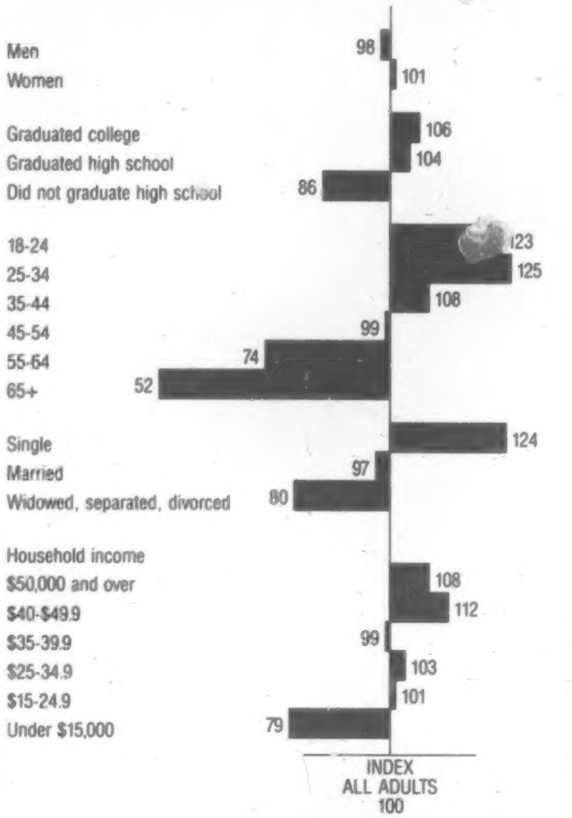


BRAND REPORT INDEX

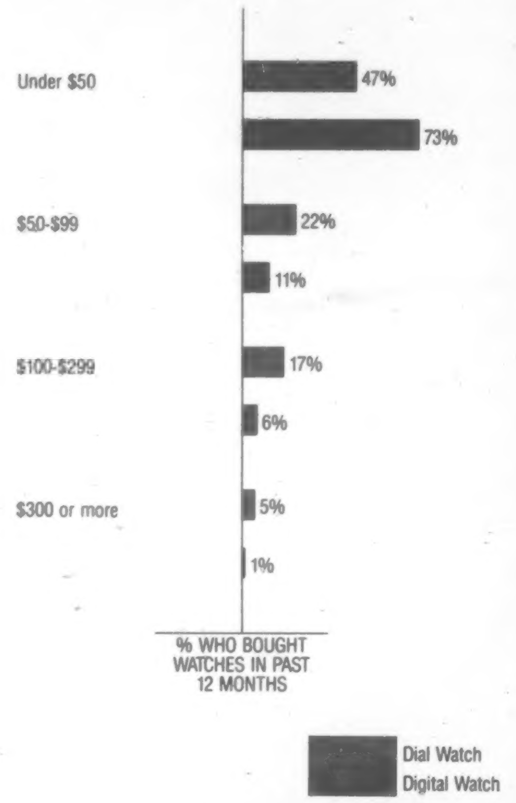
WRISTWATCHES

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

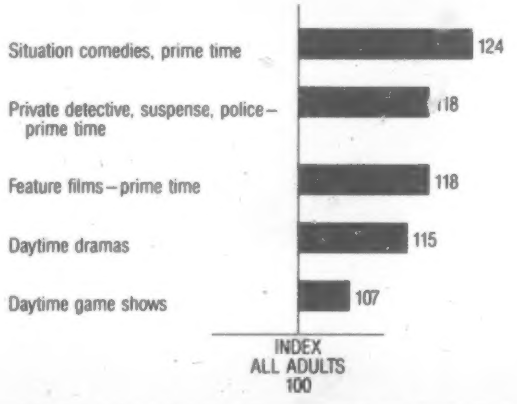
KEY DEMOGRAPHICS: WATCH BUYERS



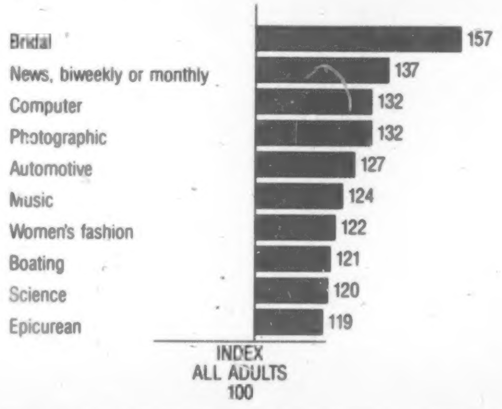
AMOUNT SPENT ON WATCHES



TV WATCHING: WATCH BUYERS



MAGAZINE READING: WATCH BUYERS



Source: Mediamark Research Spring 1988

POINT/COUNTERPOINT/

FOR ONE OR FOR ALL?

ONE PRODUCT, ONE CAMPAIGN

Carillon Importers and TBWA Advertising feel that a single general advertising campaign is the perfect format for Absolut Vodka's advertising message. With a strong general campaign, the marketer puts all of his resources behind a single message — his efforts are not diluted among various "fringe campaigns." The consumer, in turn, sees a consistent advertising message, regardless of the geographic or editorial context. The same ad that launched Absolut Vodka in 1981 is running today, and each one of our 40 executions follows the same format.

Our target consumer is an intelligent, sophisticated, fast-tracked individual. When our media department is choosing between various media options, they look beyond the surface demographics. Our advertising must appeal to these special people — whoever they might be. We will not run special ethnic campaigns to appeal to the Black, Hispanic and Asian elite. Our advertising speaks to all sophisticated people regardless of their ethnic background.

Absolut Vodka is the number-one imported vodka across America. We realize that there may be concentrations of demographic groups living in specific geographic areas, but these people are not alone, nor are they fenced in. People cross geographic and demographic "boundaries" daily, and are bound to be exposed to these "fringe" campaigns. Oftentimes, the special ethnic campaigns are obvious revisions designed to appeal to certain markets. An ad might feature the same graphic layout with Black, Hispanic or Asian models inserted to suit each market. The intelligent consumer might view the effort as patronizing.

Given the fierce competition in the distilled-spirits industry, there might be some temptation to create special ethnic campaigns to penetrate new markets. Absolut has made a practice of being an early advertiser in media that appeal to specific markets. Absolut runs in various art publications, advertising trade media as well as in special targeted outdoor media, such as Manhattans' Wheeler 3-D trucks. We expect the same innovation from our media department as we do from our creative department.

Absolut Vodka realizes that certain geographic locales are vital to our 40%+ growth rate. We choose to increase advertising in these markets to address the larger volume and volume potential, but we rarely tailor magazine ads to geographic locations. We created "Absolut L.A." which featured an Absolut Vodka bottle-shaped swimming pool, but we ran it in California, New York and several national magazines. Intelligent, worldly people will appreciate "Absolut L.A." regardless of their geographic location.

Throughout the Absolut campaign's growth, we have maintained its uniform, powerful graphic format. The purchase response from consumers has been enthusiastic (200% growth in eight years.) The advertising community has also rewarded our efforts (45 awards in the last two years).

Perhaps one of the most encouraging supports for the general campaign philosophy is the tremendous response it has received worldwide. Absolut Vodka ads are currently running in several countries throughout the world, appealing to intelligent consumers of different nationalities.

The popularity of the campaign and the brand bolster our belief in the single-campaign philosophy. We will continue to build upon it to strive for "Absolut Perfection."

N. Page Murray, III, is an account executive at Absolut's agency of record, TBWA Advertising/New York.

OUR READERS TELL US. . .

In this poll, conducted by Research U.S.A, Chicago, response was unusually low. Still, over 64% of the respondents who target minorities have, over the past five years, increased their budget directed to minority marketing.

1. Do you target minorities in any [illegible] your advertising? (Base = 75)

Yes	[illegible]
No	5[illegible]

If "yes," please answer the remainder of the questions. (Base = 34.)

2. What has happened to your share of budget earmarked to minority marketing over the past five years?

It has increased	64.7%
It has decreased	2.9%
It has remained the same	32.4%

3. Which minorities are you targeting? (Check all that apply.)

Blacks	67.6%
Hispanics	79.4%
Asians	23.5%
[illegible]	2.9%

[illegible]at percentage of your ad budget [illegible] to minority marketing?

5% or less	47.1%
6% to 10%	20.6%
11% to 15%	14.7%
16% to 20%	0
21% to 25%	0

SPECIAL MARKETS, SPECIAL EFFORTS

The most important key to marketing success can be expressed in a single word — relevance. If your product and your marketing efforts are relevant to your target, sales are almost sure to follow.

That's why R.J. Reynolds Tobacco USA firmly believes in the value of special efforts for special markets. Through special efforts, we can more effectively and better reach competitive smokers within our targets.

Until the mid-1950s, smokers were a fairly homogeneous group, with a handful of cigarette brands and styles satisfying the vast majority of smokers. But today there are some 300 cigarette brand-styles on the American market, catering to a wide variety of consumer subgroups with unique product desire and perceptions.

For some of these groups, the most relevant approach is to develop a special product that addresses that group's desires. For instance, Vantage cigarettes — and the marketing efforts that support them — are targeted toward smokers who prefer full-flavor, low-tar cigarettes.

Other groups' desires are best satisfied by special efforts to market specific styles of general-market products. Our efforts toward Black and Hispanic smokers fall into this category.

Reynolds Tobacco has made a special effort to reach Black smokers since the early 1960s. We've had special efforts for Hispanics since the early '70s. The reason is simple: Consumer research has long shown that these two groups do not share all of the same desires and perceptions as the general market. And the geographic concentrations of these groups let us effectively reach them with specialized, out-of-home and point-of-sale executions.

Where menthol smokers make up only 29% of the general market, almost 70% of Black smokers choose a menthol brand. That's why special advertising and promotions for Salem cigarettes make a lot of sense in Black media and Black communities.

Hispanic consumers show a marked preference for full-flavor styles of well-established, big-name brands in a variety of product categories, including cigarettes, soft drinks and beer. Hispanic smokers also show a preference for cigarettes in crush-proof boxes. Special executions of Winston and Camel ads, featuring box styles and Hispanic models, greatly increase the ads relevance and effectiveness.

We further increase our effectiveness by catering to the unique merchandising requirements in Black and Hispanic retail outlets. Retail stores in Black and Hispanic neighborhoods tend to be smaller and to carry fewer cigarette brands than those in other neighborhoods. So we tailor our efforts to meet these special needs by providing smaller displays and specialized racks and shelves with relevant point-of-sale advertisements.

Most Black and Hispanic smokers also tend to purchase cigarettes by the pack on a daily basis, rather than buying larger quantities at less frequent intervals. This difference suggests alternate merchandising tactics, such as maintaining higher pack inventories, using more pack displays and scheduling more frequent visits by company sales representatives.

Our consumer research shows definite differences in the product preferences and purchasing patters of various subgroups of smokers. Our experience has shown that tailoring our advertising and promotional efforts to specifically meet these consumer preferences gives us our best possible chance for success.

John T. Winebrenner is a senior vice president, marketing, for R.J. Reynolds Tobacco USA.

More than 25%	5.9%
Other	2.9%
No answer	8.8%

5. Do you employ a special agency to market to minorities?

Yes	44.1%
No	55.9%

6. Does your full-service agency have a special minority-marketing division?

Yes	17.6%
No	79.5%

7. Which do you feel is the most effective strategy to reach minority markets?

General creative in broad-based media	11.8%
Minority-specific creative in broad-based media	17.6%
Minority-specific creative in minority media	70.6%
General creative in minority media	8.8%

8. Which of the following do you generally find to be the best way to reach minorities? (Check all that apply.)

Newspapers	35.3%
Magazines	44.1%
Spot tv	47.1%
Network tv	17.6%
Cable tv	14.7%
Spot radio	41.2%
Network radio	2.9%
Direct marketing	20.6%
Other	17.6%

ECONOMIC EYE

SPORTS COVERAGE UP

Nielsen recently released figures that show total network tv sports coverage (in hours) was up in 1987. A total of 1,483 network hours of sports programing appeared last year. While the majority of coverage was devoted to football (28%), total football hours actually declined from 444 hours in '86 to 421 hours in '87.

MAGAZINE AD SCORECARD

	Ad Pages Aug. 1988	% change from Aug. 1987	Dollars spent (000)	% change from July 1987
1. Skin Care, Creams, Lotions and Oils	109.46	−11.1%	$ 3,949.9	−0.6%
2. Lip and Eye Beauty Products	136.17	+61.5	5,756.8	+81.5
3. Scents and Fragrances	133.75	+29.3	3,202.1	+3.3
4. Facial Makeup Products	68.32	+30.6	304.7	+47.6
5. Prepared Dinners and Entrees (including Pizza)	10.75	−61.3	782.2	−57.8
6. Liquor	242.62	−5.0	11,479.7	+10.1
7. Cigarettes	539.75	−13.4	30,062.9	−8.2
8. Soaps and Detergents	32.81	−49.1	1,564.0	−57.9
9. Passenger Cars, Domestic	205.32	−15.8	12,127.4	−.6
10. Passenger Cars, Imported	366.33	−13.3	20,187.3	+29.1

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100	1987				1988											
	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	March	% change	April	% change	May	% change	June	% change
Network TV																
Daytime	91	−8	82	−4	92	0	80	−7	82	−7	78	−15	76	−18	73	−22
Nighttime	115	+8	111	+2	112	+5	148	+41	113	+13	99	−0	110	−0	122	+8
Spot TV																
Prime time	123	+6	123	+6	128	−1	130	−2	115	−12	125	−9	126	−8	125	−4
Daytime	113	+2	105	±0	123	−5	108	±0	98	−9	95	−18	103	−13	93	−10
Network radio	112	+6	106	+6	147	+6	129	−7	121	−4	116	+0	116	+2	116	+2
Spot radio	112	+9					106	+3			–	–	101	+3	–	–
Consumer magazines	111	+4	113	+5	114	+5	115	+5	115	+4	115	+5	115	+5	115	+5
Natl. Sunday mags	106	+12	106	+12	117	+13	116	+13	116	+13	116	+13	116	+13	116	+13
Business publications	113	+5	113	+5	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5
Newspapers	115	+6	116	+7	124	+7	124	+7	124*	+7	124	+7	124	+7	124	+7
Outdoor	118	+12	118	+12	123	+11	123	+11	123	+11	123	+8	123	+8	123	+8

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.